

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

NOTICE OF WORK SESSION AND SPECIAL MEETING

NOTICE IS HEREBY GIVEN THAT a Work Session and Special Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, January 4, 2011 at 6:30 p.m. and 8:30 p.m., respectively. During the Work Session at 6:30 p.m. the Board of Directors will be discussing the comprehensive review of Fees. The Special Meeting will convene at 8:30 p.m. The Work Session and Special Meeting will be held at the District Office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The Proposed Agenda is as follows:

Work Session 6:30 p.m.

1. Discussion Outcomes Resulting from December 15, 2010, Work Session
 - a) Review Definitions Offered of What Development is Considered New Growth Within Existing District Boundaries:
 - Demand** – Single family lots on Availability (not subject to CIF)*
 - Extended Demand** – Demand in excess of 1 EU per parcel (subject to CIF less full credit for Availability paid)*
 - New Demand** – Parcels not within 100 feet of existing main lines (subject to CIF for all EU, Provides for infrastructure required within and outside of property lines)*
 - b) Review Consideration of How to Credit Properties for Prior Availability:
 - Full credit of Availability paid by subject property against CIF*
 - c) Review Consideration of New Inclusions:
 - New Growth** – Subject to Inclusion Fee and CIF for all EU, provides for infrastructure required within and outside of property line*
2. Progress Update – Capital Improvement Plan, Rate Study
3. Partial Refunding of Water Resource Fee Report
4. Consideration of Water Resource Fee
5. Consider Work Assignments and Methods of Vetting Results
6. Schedule Next Meeting

Special Meeting 8:30 p.m.

1. Consideration of District Manager Recruitment

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 4, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Windsor Chacey, Jan Clinkenbeard, Roy Vega, and Allan Bunch.

In attendance from staff: Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Glenn Robinson, Bruce Dryburgh, Bill Hudson, Randi Pierce, Jodie Blankenship, Neil Doherty, Dusty Pierce, and Richard Gustafson.

Call to Order

Following a Work Session, the Special meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 8:45 p.m. on January 4, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Consideration of District Manager Recruitment

The Directors considered the means by which to revisit the recruitment of a new District Manager. A motion was made by Director Bunch and seconded by Director Vega to review the local talent within the confines of the relevant statutes including advertising in the newspaper of normal distribution for one week with an application deadline of the second Friday following the week of publication. The motion failed 3-2 with Directors Vega and Bunch in favor. A motion was made by Director Clinkenbeard and seconded by Chairman Hartvigsen to conduct a national candidate search, not excluding local talent, employing Eric Marburger's recruitment services. The motion passed 3-2 with Directors Vega and Bunch opposed. Chairman Hartvigsen and Director Clinkenbeard emphasized that the recruitment should be more streamlined this time to expedite the process. Chairman Hartvigsen requested volunteers for the District Manager Recruitment Committee as Director Bunch stated that he would be resigning from said committee. Directors Chacey and Clinkenbeard stated they would volunteer for the committee with Director Chacey taking the lead position. Chairman Hartvigsen also directed Mrs. Peterson to continue her involvement in the recruitment of a District Manager at the same level as before.

Other Business

Chairman Hartvigsen stated that he has asked Shellie Peterson to develop a list that prioritizes her work in an effort to streamline her overall workload until a new District Manager is hired. Mrs. Peterson stated that she felt this would also be helpful to align what she believes to be of most importance with that of what the Board believes is important.

Director Vega inquired into whether a percentage of interest had been developed in return for the SJWCD contribution to the accrued interest on the CWCB loan incurred for the purchase of the property for the Dry Gulch Reservoir Project. Mrs. Peterson stated that it had not been done, but the calculation had previously been completed by PAWSD staff and it could be easily replicated. A motion was made by Director Vega and seconded by Director Bunch that PAWSD staff, by a means acceptable to the SJWCD, calculate a percentage of interest to be conveyed by quit claim deed in satisfaction of compensation paid by SJWCD on the accrued interest on the CWCB loan. The motion passed 4-0. Director Chacey abstained.

There being no further business to come before the Board, the meeting was adjourned at 9:45 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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 the Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, January 11, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
 - Minutes – 12/14/10 Regular Meeting
 - Projects Update
 - Water Loss Update
 - Investment Report
2. Public Comment
3. Consideration of Resolution Regarding Posting for Meetings
4. Consideration of Memorandum of Understanding with Board of County Commissioners
5. Consideration of Letter of Engagement – ESM Consulting Services
6. Discussion Regarding Board Priorities for 2011
7. Discussion Regarding the Comprehensive Review of Fees – Water Resource Fee
 - a) Agreed-Upon Procedures on Water Resource Fee Reimbursements – Wall, Smith, Bateman and Associates, Inc.
 - b) Consideration of Authorization for Remaining Partial Refunds
 - c) Consideration of Moratorium on Assessment of Water Resource Fee
8. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 11, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Jan Clinkenbeard, Windsor Chacey, and Roy Vega.

In attendance from staff: Shellie Peterson, Gene Tautges, Art Holloman, and Renee Lewis. Also present were: Glenn Robinson, Bruce Dryburgh, Terry Stringham, Bill Hudson, Chalyn Fitzgerald, Glenn Walsh, Richard Gustafson, John Ramberg, John Huft, Jodie Blankenship, John Ranson, Randi Pierce, and Rob Keat.

Call to Order

The Regular meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:34 p.m. on January 11, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Directors considered the Consent Agenda. Director Vega requested that any substantive changes to the previous meeting minutes be captured in the minutes of the current meeting, as well as being changed in the previous meeting minutes. In considering the Projects Update, Chairman Hartvigsen requested a specific update on the new Hatcher Water Treatment Plant and Weaver General Construction Co. (WGC). Interim District Manager, Shellie Peterson, stated that PAWSD staff and WGC had met on January 6, 2011 to discuss WGC's business practices pertaining to change orders, as well as some of the exceptions that had been voiced by staff and the District's engineer, and she believed it was a productive meeting. Operations Manager, Gene Tautges, provided a Water Loss Update. Director Bunch stated that he would like future reports to be less narrative and more focused on the actual steps taken to address the water loss issue and whether these steps were successful or not. Mrs. Peterson provided an Investment Update. Due to the time constraints between the release of the collateralization reports from local banks and the Board's first monthly meeting, she suggested the Investment Update be provided at the second monthly meeting. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda, with the addition of substantive corrections being added to the meeting minutes, and to move the Investment Update to the second monthly meeting. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Comments were heard by Glenn Robinson regarding Steve Harris' presentation on firm yield. He suggested this presentation be given to the Board

and the Community Water Supply Work Group. Shellie Peterson stated that she would contact Mr. Harris to see when he is available.

Consideration of Resolution Regarding Posting for Meetings

A motion was made by Director Vega and seconded by Director Bunch to adopt Resolution No. 2011-1 except as amended to read "the second and fourth Tuesday of each month at 6:30 p.m." The motion passed unanimously.

Consideration of Memorandum of Understanding with Board of County Commissioners

Following a lengthy discussion, this item was tabled for the second monthly meeting on January 25, 2011 in order to give the Board more time to consider the current version of Memorandum of Understanding.

Consideration of Letter of Engagement – EMS Consulting Services

A motion was made by Director Vega and seconded by Chairman Hartvigsen to execute the Letter of Engagement for ESM Consulting Services, to continue with the District Manager search, with Director Clinkenbeard as the point of contact. The motion passed unanimously.

Discussion Regarding Board Priorities for 2011

Following a lengthy discussion, the Board agreed that its priorities include, but are not limited to, the current rate study by Red Oak Consulting, the revisions to the Capital Improvement Plan, ensuring the financial stability of PAWSD, the Colorado Water Conservation Board (CWCB) loan for the property related to the Dry Gulch Reservoir Project, the potential divestment of said property, calculating a solution to the Water Resource Fee (WRF), water loss, filling the District Manager position, and the commitment to Board of County Commissioners to amend the service plan. A motion was made by Director Vega and seconded by Director Clinkenbeard to ask a loan administrator for CWCB to attend a meeting of PAWSD, at the first opportunity that Al Bledsoe could be present as a consultant, to discuss issues surrounding the loan with the intent of informing them of pressing problems with making loan payments pending the disposition of that property. The motion failed 4-1 with Director Vega in favor.

Discussion regarding the Comprehensive Review of Fees – Water Resource Fee

- a) Agreed Upon Procedures on Water Resource Fee Reimbursements – Wall, Smith, Bateman and Associates, Inc.

Shellie Peterson presented the Independent Accountant's Report on Applying Agreed-Upon Procedures. She stated that 129 checks, totaling \$164,053.50, were issued in 2010 for a partial refund of the WRF and the Independent Accountant's Report shows that they did not have an exception to the work done by PAWSD staff in developing said checks. Mrs. Peterson also stated the staff work reviewed for the report included partial refunds in 2011 not to exceed \$56,928.00.

- b) Consideration of Authorization for Remaining Partial Refunds

A motion was made by Director Bunch and seconded by Director Clinkenbeard to authorize staff to complete the remaining partial refunds of the WRF in an amount not to exceed \$56,928.00. The motion passed unanimously.

- c) Consideration of Moratorium on Assessment of Water Resource Fee

Following a lengthy discussion, a motion was made by Director Vega and seconded by Director Bunch to rescind the WRF, as calculated at \$5617.00, until such time that a new amount could be calculated as part of the Capital Investment Fee. The motion failed 3-2 with Directors Vega and Bunch in favor. A motion was made by Chairman Hartvigsen and seconded by Director Clinkenbeard to extend the WRF to April 1, 2011 with the intent of having a recalculation of the fee by that date, amended by Director Bunch to add if a recalculation is not achieved by such date then the WRF amount will be zero until a new calculation can be made. The motion passed 3-2 with Chairman Hartvigsen and Director Vega opposed.

Other Business

There being no further business to come before the Board, the meeting was adjourned at 11:15 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, January 25, 2011, at 6:30 p.m. The 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. Conference Call between Al Bledsoe and the Board of Directors Regarding Financial Stability and Existing Bond Resolutions
2. Approval of Consent Agenda
Minutes – 1/04/11 Special Meeting and 1/11/11 Regular Meeting
Investment Report – PDPA
Financial Report
3. Public Comment
4. Consideration of Memorandum of Understanding with Board of County Commissioners
5. Consideration of Administrative Services Agreement San Juan Water Conservancy District
6. Update Regarding the Comprehensive Review of Fees
 - a) Cost of Service Rate Study – Red Oak Consulting
 - b) Revisions to Capital Investment Plan – Davis Engineering Service, Inc.
7. Consideration of Minimum Monthly and Tiered Rate Structure for January 2011
8. Consideration of 2011 Connection Charges
9. Consideration of Resolution Supporting Submittal of Proposal to the Bureau of Reclamation WaterSmart Water and Energy Efficiency Grant Program
10. Update Regarding District Manager Search
11. Consideration of Request for Reduction in Service Charges – Bob and Ruth Yarbrough
12. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 25, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Jan Clinkenbeard, Windsor Chacey, and Roy Vega.

In attendance from staff: Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Bruce Dryburgh, John Ramberg, John Huft, Jodie Blankenship, Randi Pierce, Richard Gustafson, Bill Hudson, Glenn Walsh, Michael Whiting, Sue Walan, Mike Davis, Wade Henderson, and Don Heitkamp.

Call to Order

The Regular meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:30 p.m. on January 25, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Conference Call between Al Bledsoe and the Board of Directors Regarding Financial Stability and Existing Bond Resolutions

Interim District Manager, Shellie Peterson, and Al Bledsoe (telephonically) updated the Board regarding phone conversations between them, Tom Weihe, Kutah Rock, and Don Diones, George K. Baum & Company, to discuss the details of the bond covenant obligations. As a result of this conversation, it was discovered that she had been applying a more stringent parity test than was required for 2010 and projected for 2011, and that it would be proper to develop new parity worksheets based on rate covenant requirements versus additional bond requirements. Mrs. Peterson stated that she would provide the Board with an update as soon as possible. Mr. Bledsoe informed the Board that an attempt to renegotiate the terms of the 1998 and 2006 Bond Issues, which contain the most restrictive covenants, would likely be very time consuming and expensive. Mr. Bledsoe also informed the Directors that should the Board decide to refund the remaining Water Resource Fee (WRF), it could constitute a "material event" as a change in pledged revenue that would need to be disclosed to current bond holders and/or on any future bond financings, unless that revenue was replaced within the same period of time.

Approval of Consent Agenda

The Directors considered the Consent Agenda. Shellie Peterson provided the Investment Update and the Financial Report. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Comments were heard by Bill Hudson regarding a conversation he and Director Bunch had with J.R. Ford. He stated that Mr. Ford, as a Board member for the Southwestern Water Conservation District (SWCD), informed them SWCD would not likely be interested in participating/assuming the Dry Gulch Reservoir Project due to budget constraints. Comments were also heard by Water Supply Community Work Group (WSCWG) Chairman, Bruce Dryburgh, regarding the WSCWG recommendation that the Board hire an outside consultant as soon as possible to address PAWSD water loss issues.

Consideration of Memorandum of Understanding with Archuleta Board of County Commissioners

Shellie Peterson informed the Board of changes she had made to the Memorandum of Understanding (MOU) with the Archuleta Board of County Commissioners (BoCC) (copy attached). First, she stated that as of December 31, 2010, the debt-to-tap ratio was \$5,948.00. Second, Mrs. Peterson stated she had changed the language of the MOU to reflect revisions discussed at the January 11, 2011 Regular meeting. The revisions included replacing "in contravention to the independent authority granted in" with "[C.R.S. § 32-1-1001(1)(j)(I)] not withstanding" in items #1(c) and 3. Director Clinkenbeard expressed concern regarding the yearly timeline of the MOU, which calls for the upcoming year's budget to be provided to the BoCC in November. In response to her concern as to why the budget would be presented prior to approval, Mrs. Peterson stated that it was the only way for PAWSD to follow in the spirit of the MOU by allowing the BoCC to be aware of any rate increases before the formal adoption of the budget. Director Clinkenbeard was also concerned about the length of the MOU and believed it would be better to have a termination date set at 5 years rather than December 31, 2035 as this would allow the two Boards to readdress the MOU at that time. Director Bunch stated that because recent events had called into question the relationship between the PAWSD Board and the BoCC, he was reluctant to vote on the MOU at this time. Agreeing with Director Bunch, Director Vega stated, as he had in previous meetings, that he questioned the need for an MOU if the Board planned to abide by the oversight authority as provided by statute. Director Chacey stated she would like to see only the oversight authority as provided in C.R.S. § 32-1-207 reflected in the MOU. Chairman Hartvigsen stated that while the sum of the parts of the MOU is better than putting it aside completely, perhaps it should simply outline the parameters expected by the BoCC for a service plan amendment. Commissioner Michael Whiting replied that he would take these requests back to the BoCC, but that an MOU is typically used to resolve trust issues between parties and to leave this unresolved may put a question mark on the relationship. A motion was made by Director Bunch and seconded by Director Chacey to table this item until the next Regular meeting on February 8, 2011 to allow the Directors more time to consider the MOU. The motion passed unanimously.

Consideration of Administrative Services Agreement with San Juan Water Conservancy District

A motion was made by Director Clinkenbeard and seconded by Director Vega to terminate the Administrative Services Agreement (copy attached) between PAWSD and SJWCD on March 1, 2011, with the exception that, if so desired by SJWCD, Shellie Peterson could provide accounting support pertaining to the 2010 audit at the pay rate specified in the current agreement. The motion passed 4-0. Director Chacey abstained. A motion was made by Director Vega and seconded by Chairman Hartvigsen that, pursuant to the above passed motion, SJWCD be notified the PAWSD facilities will no longer be available for SJWCD meetings and the two Boards could consider alternating sites for the purposes of joint meetings. The motion passed 4-0. Director Chacey abstained.

Update Regarding the Comprehensive Review of Fees

- a) Cost of Service Rate Study – Red Oak Consulting

Shellie Peterson provided an update on the rate study being completed by Red Oak Consulting. She stated that Red Oak has all the information it needs at this time to build the financial model, the process is moving forward, and there should be something more substantial to report by the next Regular Board meeting on February 8, 2011.

b) Revisions to Capital Improvement Plan – Davis Engineering Service, Inc.

Mike Davis, Davis Engineering Service, Inc., provided an update on the development of the Capital Improvement Plan (CIP). He stated that due to the difference in the development of water demand this year versus past years and the downward trend in overall water use, he would recommend that PAWSD CIP allow for a 10% safety factor for peak flow and general conservatism in planning. Mr. Davis stated that the recommendations provided by his firm will also include notations where infrastructure upsizing makes sense to improve fire-flow or reduce water age. Shellie Peterson suggested to the Board that in order to move forward with the CIP, the 10% safety factor as recommended by the engineers should be considered, and as better data is accumulated the CIP could be revised accordingly.

Consideration of Monthly and Tiered Rate Structure for January 2011

Shellie Peterson reminded the Board the 2011 Budget was approved with a rate increase of approximately \$3.50 per EU, per month, and this was calculated to be spread out over the course of 2011. As a result, she requested direction from the Board as to whether to implement said rate increase immediately or wait for the results of the current rate study by Red Oak Consulting. A motion was made by Director Bunch and seconded by Director Clinkenbeard to immediately implement the rate increase with a statement message noting the increase on the next bill for the benefit of the customers. The motion passed unanimously.

Consideration of 2011 Connection Charges

Shellie Peterson explained to the Board that approval of the Connection Charges for the coming year is typically considered at this time. However, in light of the current on-going rate study she suggested that it may be more efficient for the Board to wait until the rate study is completed to allow for the maximum flexibility in determining any changes to the Schedule of Fees and Service Charges, should there be any change in terminology or methodology. The Board agreed to table the consideration of 2011 Connection Charges until the rate study is completed.

Consideration of Resolution Supporting Submittal of Proposal to the Bureau of Reclamation Water Conservation Field Services Grant Program

Special Projects Manager, Renee Lewis, presented the fundamental elements of the Proposal to the Bureau of Reclamation Water Conservation Field Services Grant Program (copy attached) stating that she was seeking funding assistance for leak detection equipment to address the District's water loss issues. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Resolution Supporting Submittal of Proposal to the Bureau of Reclamation Water Conservation Field Services Grant Program. The motion passed unanimously.

Update Regarding District Manager Search

Director Clinkenbeard provided an update on the recruitment of a new District Manager stating the search committee had received resumes, some of which are from local candidates. She asked if the Directors would be available for an in-person interview sometime around February 1, 2011 as one candidate will be

in the Pagosa Springs area. The Directors confirmed their availability dates. Director Clinkenbeard also stated that she is trying to schedule an initial phone interview with another candidate.

Consideration of Request for Reduction in Service Charges – Bob and Ruth Yarbrough

The Board considered a request by Bob and Ruth Yarbrough for a leak rate adjustment (copy attached). Staff had initially denied the request because the circumstances did not meet the requirements of the PAWSD Leak Rate Policy. Following a lengthy discussion, a motion was made by Director Bunch and seconded by Director Chacey to deny the request. The motion passed 3-1 with Director Vega opposed specifically because of the large amount of the bill. Director Clinkenbeard abstained.

Other Business

Chairman Hartvigsen called to the attention of the Board certain dates he had distributed regarding a possible meeting with Bruce Whitehead and Colorado Water Conservation Board to discuss the loan incurred for the purchase of the property for the Dry Gulch Reservoir Project. He offered to speak with Mr. Whitehead in order to schedule a meeting for February 14, 2011 in Denver that he and Director Bunch would attend. Chairman Hartvigsen also brought to the attention of the Board a list of priorities (copy attached) developed by Shellie Peterson for review in preparation for the next Regular meeting on February 8, 2011. He stated the intent of this prioritization is to allow the Board to provide Mrs. Peterson with the direction to put aside some of the lower prioritized items in favor of higher priorities when time is limited. Lastly, Chairman Hartvigsen provided for the Board's review a list of terminology (copy attached) that he had developed in preparation for future discussions of PAWSD fee structure.

Director Vega submitted for the Board's consideration that Steve Harris' report provided on January 19, 2011 regarding the firm yield of the District was further evidence that the Dry Gulch Reservoir Project and the WRF were unnecessary. Shellie Peterson stated that she respectfully disagreed in that Steve Harris' presentation of the current firm yield of the District was a historical calculation of the results of existing water rights, existing infrastructure and the actual water hydrograph data to determine what the level of storage was projected at the end of that period. Director Chacey recommended to the Board that the Steve Harris report be viewed in relationship to what it states regarding the firm yield of PAWSD. First, the report provides that utilizing the river before the reservoirs is how best to use the water resources of District 1 and provides a modicum of safety. Second, because District 2 has extremely limited water storage, it is important to determine how best to provide water from District 1 to District 2 when there is not enough water in the river. Director Chacey emphasized that the report addresses not only present concerns, but also future concerns that need to be considered by the PAWSD Board. Further discussion on this subject was tabled due to the lateness of the hour.

There being no further business to come before the Board, the meeting was adjourned at 10:15 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 3, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Roy Vega, Jan Clinkenbeard, and Windsor Chacey.

Also present: Eric Marburger.

Call to Order

The Special meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 9:00 a.m. on February 3, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Interviews for District Manager Position

Eric Marburger provided the Board with the parameters for the interview process.

Executive Session Pursuant to Section 24-72-204(3)(a)(II)(A), C.R.S.

A motion was made by Director Vega and seconded by Director Chacey to enter into Executive Session at 9:06 a.m., pursuant to Section 24-72-204(3)(a)(II)(A), C.R.S., for the purposes of interviewing candidates for the District Manager position. The motion passed unanimously.

Return to Open Session

The Directors returned to Open Session at 5:00 p.m. Upon returning to Open Session, Director Clinkenbeard stated the Board would contact Eric Marburger by telephone on Monday, February 7, 2011, after the last interview was completed.

Other Business

There being no further business to come before the Board, the meeting was adjourned at 5:01 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SAN JUAN WATER CONSERVANCY DISTRICT
FEBRUARY 7, 2011 JOINT SPECIAL MEETING

Attendance

The following Directors were present:

Representing Pagosa Area Water and Sanitation District: Steve Hartvigsen, Allan Bunch, Windsor Chacey, Roy Vega, and Jan Clinkenbeard.

Representing San Juan Water Conservancy District: Diane Bower, Pat Ullrich, Carrie Weiss, Karen Wessels, Larry Ash, and Windsor Chacey.

Also present were: Shellie Peterson, Renee Lewis, and Pete Kasper.

Call to Order

The Joint Special meeting of the Pagosa Area Water and Sanitation District (PAWSD) and San Juan Water Conservancy District (SJWCD) was called to order by PAWSD Chairman Steve Hartvigsen at 4:09 p.m. on February 7, 2011.

Disclosure of Potential Conflicts of Interest

Karen Wessels had previously submitted a Disclosure as owner of Alpha Engineering, where one might perceive a conflict could arise. Windsor Chacey had previously submitted a Disclosure as a Director on the Board of PAWSD and a Director on the Board of SJWCD. The Boards noted, for the record, that these disclosures be restated at this time with the intent of fully complying with the laws pertaining to potential conflicts of interest.

Update Regarding Settlement of Court Case No. 04CW85

PAWSD Interim District Manager, Shellie Peterson, brought to the Boards' attention the final settlement decree (decree) for Court Case No. 04CW85 (copy attached). She stated that it is substantively similar to the previous version received by the Boards on December 1, 2010 and is now at the Division Engineer's Office for review and approval. Pete Kasper provided an update as to the status of the decree at the Division Engineer's Office. He stated the delay in review and approval was due to an illness in the family of Rege Leach, Water Division No. 7 Engineer. Mr. Kasper pointed out a few issues with the decree that may be of concern to Mr. Leach. However, he assured the Boards that the review process was moving as quickly as possible.

Consideration of Alternative Financing/Ownership of Dry Gulch

- a) Confirmation of Committee Members

The Boards confirmed that Pat Ullrich, Larry Ash, and Allan Bunch are the Alternative Financing/Ownership of the Dry Gulch Reservoir Project Committee (Committee) members and that Carrie Weiss would also participate, as her time allowed. Director Chacey suggested that Val Valentine,

as a former employee of the Division Engineer's Office, may be interested in consulting with the Committee, as well as John Porter and Bruce Whitehead. Director Wessels suggested also contacting John Salazar as a possible source of information. Director Bunch stated he hoped that every member of the Committee would reach out to anyone they thought might have advice on how to pursue alternative financing/ownership of the Dry Gulch Reservoir Project (Project).

b) Development of Action Plan

Chairman Hartvigsen opened this item up for discussion between the two Boards. Following a lengthy discussion, the Boards agreed to reconvene following the February 14, 2011 meeting between Chairman Hartvigsen, Director Bunch, Bruce Whitehead and Kirk Russell of the Colorado Water Conservation Board, Senior Staff.

c) Review Draft Letter of Introduction

The Boards reviewed the draft letter of introduction (copy attached). Director Wessels suggested adding to the draft introduction letter a map of the Project area and a list of the steps taken to reach the current status of the Project. It was also suggested by many of the Directors of both Boards to revise the draft introduction letter to read more simply. Director Bunch, as a Committee member, offered to revise the draft introduction letter.

Report Regarding Ownership Percentages – Weber Properties

Shellie Peterson provided an update on the recalculation for providing SJWCD with a new ownership percentage in return for payments made on the Colorado Water Conservation Board loan incurred for the purchase of the property for the Project. She stated that she had encountered difficulties in replicating the work done previously and it was possible that the ownership of Park Ditch Shares may have been included. Following a lengthy discussion, Steve Hartvigsen recommended and the Boards agreed that Evan Ela and Mrs. Peterson exhaust their research on developing the calculation and then report back to the two Boards for further discussion.

Other Business

SJWCD Chairwoman Diane Bower requested an extension on the termination date of the Administrative Services Agreement between PAWSD and SJWCD. The PAWSD Board denied the request in stating that while the transition may be difficult, it is not insurmountable, and this termination needs to occur by March 1, 2011, to decrease the work load on PAWSD staff.

There being no further business to come before the Boards, the meeting was adjourned at 5:55 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

Jack DeLange
Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 7, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Windsor Chacey, Jan Clinkenbeard, and Roy Vega.

Call to Order

The Special meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 9:00 a.m. on February 7, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Executive Session Pursuant to Section 24-6-402(4)(e), C.R.S.

A motion was made by Director Vega and seconded by Director Bunch to enter into Executive Session at 9:01 a.m., pursuant to Section 24-6-402(4)(e), C.R.S., for the purposes of discussion of matters subject to negotiation as requested by the interviewed candidate. The motion passed unanimously.

Return to Open Session

The Directors returned to Open Session at 11:13 a.m. Upon returning to Open Session, the Board discussed directing Eric Marburger, telephonically, to contact the finalists for their consent to release names for posting.

Other Business

There being no further business to come before the Board, the meeting was adjourned at 11:16 a.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, February 8, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
Minutes – 1/25/11 Regular meeting
Project Update
2. Public Comment
3. Consideration of Memorandum of Understanding with Board of County Commissioners
4. Update regarding the Comprehensive Review of Fees
 - a) Cost of Service Rate Study – Red Oak Consulting
 - b) Revisions to Capital Investment Plan – Davis Engineering Service, Inc.
 - c) Water Resource Fee – Consideration of Recommendations - WSWG
5. Update regarding Water Loss
 - a) Consideration of Recommendations – WSWG
6. Consideration of Request from Greg Schulte, County Administrator, Regarding Ownership of the Main Line Extension to the Airport at Stevens Field
7. Consideration of Resolution Supporting Submittal of Proposal to the Bureau of Reclamation WaterSmart Water and Energy Efficiency Grant Program
8. Consideration of Letter of Engagement – Wall, Smith, Bateman & Associates, Inc. 2010 Audit Services
9. Update regarding District Manager Search
10. Consideration of Management Priorities
11. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 8, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Jan Clinkenbeard, Windsor Chacey, and Roy Vega.

In attendance from staff: Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Bruce Dryburgh, Bill Hudson, Glenn Walsh, Randi Pierce, Cynda Green, and Glenn Robinson.

Call to Order

The Regular meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:35 p.m. on February 8, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Directors considered the Consent Agenda. Operations Manager, Gene Tautges, provided the Projects Update. Director Chacey asked Mr. Tautges if energy efficiency audits similar to the one conducted on Vista Wastewater Treatment Plant are planned for any of the other treatment plants. Mr. Tautges replied that PAWSD staff could certainly do so under the direction of the Board. Director Chacey also inquired into the work being done on the Eagle Peak and Elk Run booster stations. Mr. Tautges replied that these booster stations are being replaced due to age and condition, but they are remaining essentially in the same location and performing the same service as before. Director Vega suggested scheduling a tour of the new Hatcher Water Treatment Plant. The Directors set a tentative date of April 13, 2011 at 10:00 a.m. for a tour of the new plant. Director Vega inquired into whether Davis Engineering Service, Inc. (Davis) being the design engineer and representing the District on water issues for the Siebel Senior Living project presents an implicit conflict of interest. Mr. Tautges replied that it has been District policy that a developer's design engineer's work is reviewed by another engineer representing only the District's interest and that policy will continue to be followed. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Comments were heard from Bill Hudson of the Water Supply Work Group (WSWG) regarding his satisfaction with the PAWSD Board.

Consideration of Memorandum of Understanding with Archuleta Board of County Commissioners

A motion was made by Director Bunch and seconded by Director Vega to table the Memorandum of Understanding (MOU) with the Archuleta Board of County Commissioners (BoCC) (copy attached) until such time as the BoCC has responded to the Board's request to provide parameters for what they would like to see in the service plan amendment. The motion passed unanimously. Chairman Hartvigsen stated that he would contact the BoCC Chairman regarding the status of this request.

Update Regarding the Comprehensive Review of Fees

a) Cost of Service Rate Study – Red Oak Consulting

Shellie Peterson provided an update on a conversation she had with Kevin Burnett of Red Oak Consulting. He stated the process is moving forward, the majority of the financial model had been built, and they were waiting for the revised Capital Improvement Plan.

b) Revisions to Capital Improvement Plan – Davis Engineering Service, Inc.

Shellie Peterson provided an update on a conversation she had with Wade Henderson of Davis. He stated they had experienced some delays in developing the water model, but that it is moving forward as quickly as possible. Mrs. Peterson stated that she hoped to have something to present to the Board prior to the February 22, 2011 Regular meeting.

c) Water Resource Fee – Consideration of Recommendations – Water Supply Work Group

The Directors agreed to review the report on alternatives for addressing the Water Resource Fee provided by Glenn Walsh of the WSWG and to provide Mr. Walsh with any questions/comments as soon as possible. Director Bunch suggested the formal presentation of the report should be delayed until the new District Manager is hired. The Directors agreed to schedule a Work Session to discuss the report once the Board heard from prospective District Manager candidates.

Update Regarding Water Loss

Gene Tautges provided a report on staff's efforts to address water loss (copy attached).

a) Consideration of Recommendations – WSWG

The Board reviewed a proposal to address water loss from Mike Gay of Leak Analysis and Solutions, Inc. (copy attached). Director Bunch stated that Mr. Gay was planning on attending the meeting, but could not attend because of the weather. He suggested that as recommended by the WSWG, PAWSD engage this company to assist with the water loss issue. However, Director Bunch recommended that any decision on hiring a leak detection consultant be delayed until a District Manager is hired. He offered to check Mr. Gay's references on behalf of the Board. Director Vega suggested checking references 1, 4, 6, 9, and 13 as this would be a representative sample. The Board also directed staff to continue working on water loss and to engage Briliam Engineering as needed to address this issue.

Consideration of Request from Greg Schulte, County Administrator, Regarding Ownership of the Main Line Extension to the Airport at Stevens Field

Shellie Peterson provided the Board with a letter dated January 25, 2011 from Greg Schulte, County Administrator, regarding ownership of the main line extension and appurtenances built to serve the Airport at Stevens Field (copy attached). She also explained that she, Projects Manager, Gregg Mayo, and Gene Tautges had met with Mr. Schulte on January 5, 2011. Mrs. Peterson provided a letter drafted by Mr. Mayo, which documented staff's recommendations for initial investigation into the condition of the

improvements prior to the Board's consideration of Mr. Schulte's request (copy attached). The Board directed staff to send Mr. Mayo's letter to Mr. Schulte with suggested changes.

Consideration of Resolution Supporting Submittal of Proposal to the Bureau of Reclamation WaterSMART Water and Energy Efficiency Grant Program

Special Projects Manager, Renee Lewis, presented the fundamental elements of the Proposal to Bureau of Reclamation WaterSMART Water and Energy Efficiency Grant Program (copy attached) stating that she was seeking funding for PAWSD water meter change out project. Director Vega suggested clarification of the language in the "Funding Plan" portion of the proposal regarding the PAWSD source of funding for the proposal. A motion was made by Director Bunch and seconded by Director Vega to approve the Resolution Supporting Submittal of Proposal to the Bureau of Reclamation WaterSMART Water and Energy Efficiency Grant Program, Resolution No. 2011-3. The motion passed unanimously.

Consideration of Letter of Engagement – Wall, Smith, Bateman & Associates, Inc. 2010 Audit Services

Shellie Peterson provided the Board with a Letter of Engagement from Wall, Smith, Bateman & Associates, Inc. for the 2010 Audit (copy attached). A motion was made by Director Vega and seconded by Director Bunch to refer this item to the PAWSD Board Audit Committee for review and the committee will present its recommendations to the Board at a later date. The motion passed unanimously.

Update Regarding District Manager Search

Director Clinkenbeard provided an update on the District Manager search. She stated the Board has posted the names of the final candidates and the process is moving forward (copy attached). Mrs. Clinkenbeard also stated the Board is required by statute to wait 14 days after posting the names to take formal action to approve any employment agreement. Director Bunch stated that of the four final candidates, two were local.

Consideration of Management Priorities

Shellie Peterson provided the Board with a list of her prioritized responsibilities (copy attached). Chairman Hartvigsen suggested adding "work with the new District Manager" to the top of the list. He also suggested that Mrs. Peterson try to delegate as many of the lesser prioritized "B" and "C" items to staff and "C" items to postpone as necessary in order to focus on the higher prioritized issues.

Other Business

Shellie Peterson provided a copy of an email from the Governor's Energy Office (copy attached). She also presented to the Board a response from Steve Harris to a request from the WSWG to provide the excel spreadsheets, from which he determined the firm yield of the District's current water resources (copy attached). Mr. Harris stated in his response that he does not mind sharing the worksheets, but requested that the following language be included in the minutes: "The PAWSD Board is agreeable to Harris providing detailed spreadsheets used to estimate the raw water yield of the existing PAWSD facilities to John Ramberg and answering any questions that Mr. Ramberg may have associated with the information. PAWSD and Harris have no responsibility for how Mr. Ramberg may modify the information." The Board directed Mrs. Peterson to inform Mr. Harris to share the requested materials with Mr. Ramberg and provide a reasonable amount of time to explain it and/or answer questions.

There being no further business to come before the Board, the meeting was adjourned at 8:32 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, February 22, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
Minutes – 2/3/11 Special, 2/7/11 Special, 2/7/11 Joint Special, 2/8/11 Regular meetings
Projects Update – Triad Western Constructors, Inc., Notice of Claim, Highlands Lagoon Elimination Project
Financial Report – PDPA January reports
2. Public Comment
3. Consideration of Request for Support and Donation of Water Tap – Mary Tighe, Community Grant Coordinator and Tom Casello, Director of Town Park and Recreation
4. Consideration of Offer of Employment – District Manager
 - a) Consideration of Separate Employee Class – District Manager
5. Update regarding the Comprehensive Review of Fees
 - a) Update on Cost of Service Rate Study – Red Oak Consulting
 - b) Update on Revisions to Capital Investment Plan – Davis Engineering Service, Inc.
 - c) Report Regarding Discussions with Colorado Water Conservation Board Regarding Loan
 - d) Consider Scheduling Work Session – Comprehensive Review of Fees
6. Update regarding Water Loss
7. Consideration of Recommendations from the Audit Committee regarding:
 - a) Audit Letter of Engagement – Wall, Smith, Bateman & Assoc, Inc.
 - b) Compilation Letter of Engagement - Clark, White & Associates Inc.
8. Consideration of Additional SolarBee Unit Purchase in 2011
9. Consideration of Filing of Statement of Opposition in Case No. 10CW94 Mask, LLC
10. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 22, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Jan Clinkenbeard, Windsor Chacey, and Roy Vega.

In attendance from staff: Shellie Peterson and Gene Tautges. Also present were: Mike Davis, Jodi Blankenship, Bruce Dryburgh, Randi Pierce, John Ramberg, and Glenn Robinson.

Call to Order

The Regular meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Hartvigsen at 6:37 p.m. on February 22, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Directors considered the Consent Agenda. The minutes of February 3, 2011 were reviewed and clarification was offered under Return to Open Session that Eric Marburger would be contacted by phone after the final interview for District Manager was held on February 7, 2011. The minutes of the Joint Special meeting on February 7, 2011 were reviewed and it was suggested that in discussion of the Confirmation of Committee Members, Carrie Weiss had also offered her services, as time allowed, and the draft minutes had not reflected that. The minutes of the February 8, 2011 Regular meeting were reviewed and Director Vega suggested that the draft minutes were not clear that it is the intention of the District to eliminate any perception of a conflict of interest involving District projects by having the design engineer's work reviewed by an independent engineer representing the District's interest. Specifically regarding the Siebel Senior Living project, a motion was made by Director Bunch to appoint Briliam Engineering as the firm to review design and modeling to assure that the District's interests and specifications were being followed. The motion was seconded by Director Vega and passed unanimously. Also mentioned under the Consent Agenda was the statement that further energy efficiency audits could be accomplished if so directed by the Board. Shellie Peterson suggested that such direction may be better considered after the Board reviews the results of the energy audit at the Vista Wastewater Treatment Plant.

Project Update: Shellie Peterson indicated that there had not yet been a formal response from Briliam Engineering regarding the Notice of Claim filed by Triad Western Constructors, Inc., because a request for clarification to that Claim had not been answered. Mrs. Peterson stated that there was no action to be taken and she would keep the Directors informed.

Financial Report – PDPA January Reports: Shellie Peterson updated the Directors regarding her conversation with Kyle Cox, President of the Citizens Bank to gain a better understanding of the bank's non-compliance with PDPA collateralization requirements in January. Mr. Cox explained some of the ramifications of the Temporary Liquidity Guarantee Program (TLGP) expiration and how it impacted Citizens Bank as well as the stance that Citizens Bank plans on taking effective March 1, 2011. 'Transaction accounts' which include the District's operating account and money market account will no longer be paid interest as of March 1st as to allow for full \$250,000 coverage from FDIC without the bank having to collateralize according to PDPA rules. Mr. Cox explained that with loan demand so low, the bank could not afford to pay interest and tie up other assets as collateral when they were not able to then put those funds out to loan at a higher interest rate and make a margin. He further stated that future CD rates would also move to zero for the same reason. Mrs. Peterson stated that she and Director Chacey anticipated approaching the other local banks to determine their positions on this matter as well as exploring other options. She also indicated that she was surprised that a regulatory matter of such significance to Special Districts was not a subject of Special District's Association's advance notice and recommendations and that she would follow up on that. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Consent Agenda noting the corrections and additions above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. There were no comments offered by the public.

Consideration of Request for Support and Donation of Water Tap – Mary Tighe, Community Grant Coordinator and Tom Casello, Director of Town Park and Recreation

This agenda item was pulled from consideration at the meeting at the request of Mary Tighe.

Consideration of Offer of Employment and Separate Employee Class for District Manager

Director Clinkenbeard made a motion to consider the position of District Manager as a Special Executive Class of Employee and therefore subject to provisions set forth in a Letter of Agreement with the District. Director Bunch seconded the motion and it passed unanimously.

Director Clinkenbeard made a motion that the Board of Directors' authorize Chairman Hartvigsen to sign the Letter of Agreement between Pagosa Area Water and Sanitation District and Edwin Winton (copy attached) for the position of District Manager. Director Bunch seconded the motion which passed unanimously. Director Clinkenbeard addressed the public present and stated that the second round of interviews and subsequent offer moved along much more quickly due, in part, to the qualified candidates the Board had to choose from and that they were excited to announce their selection of Mr. Winton at the first opportunity once the posting period had been satisfied. She stated that the Board was unanimous in its decision and that Ed Winton could offer extensive experience in the water and wastewater utility field as well as management. A press release and Mr. Winton's resume was available to those present (copy attached). Chairman Hartvigsen thanked Directors Clinkenbeard and Chacey for their efforts.

Update Regarding the Comprehensive Review of Fees

a) Cost of Service Rate Study – Red Oak Consulting

Shellie Peterson stated that she had not received the draft financial model for review, noting that it would not be complete until the revised Capital Improvement Plan was incorporated.

b) Revisions to Capital Improvement Plan – Davis Engineering Service, Inc.

Mike Davis, Davis Engineering Service, Inc., provided an overview of the work completed to date including the revisions to the water model software to reflect the current direction of the Board regarding fire flow and population projections as well as the changes to format and a more comprehensive approach being taken. Later in the meeting, but pertaining to this topic, Shellie Peterson sought the Boards' approval to engage Steve Harris to run other scenarios through his firm-yield model to more closely reflect a less conservative position on using the average raw water demand by Pagosa Golf and various condominium associations as well as the full usable capacity of Lake Hatcher. Mike Davis also pointed out that modeling of effect of the increased raw water pipeline size of both the Snowball raw water line and the San Juan raw water line would help to set significant improvements in the most appropriate date-range in the CIP. Staff was directed to do so. Mrs. Peterson also suggested that once the comprehensive review of fees was completed, it would be advantageous to have Mr. Harris update his firm-yield report to reflect the conditions that the CIP was based upon as well as to address specific questions raised by the WSWG regarding the effect of precipitation and the lake level assumptions in Mr. Harris's report.

c) Report Regarding Discussions with Colorado Water Conservation Board Regarding Loan

Chairman Hartvigsen presented the primary points of discussion with Bruce Whitehead, Tim Feehan, Vaughn McWilliams, Kirk Russell, himself and Allan Bunch. A report was also distributed (copy attached). Chairman Hartvigsen indicated that several discussion points stood out to him particularly CWCB's stance that the District should pursue at least the portion of the Lavery Land necessary for the smaller reservoir and that the SJWCD grant documents indicated that should the reservoir not be built by 2025, that Board would need to repay the One Million dollar grant, at 3.5% interest. On a positive note, Chairman Hartvigsen noted some issues appeared to have flexibility on the part of CWCB such as the extension of the 2012 substantial completion date should the Districts be able to demonstrate due diligence toward the project. Director Bunch shared his thoughts that if the District could be successful at obtaining voter approval for a general obligation bond issue to pay off the CWCB loan there would be significant constraints removed as to the time-line and necessity to purchase additional land. Bruce Dryburgh offered the comment that he commended the Directors being willing to explore a GO issue; however, he pointed out that there would need to be a great deal of research done and careful planning to see if it was viable and how to best approach the public. Further discussion included that the SJWCD was initially the lead agency in the project and that changes had been made to redirect that position to the PAWSD after the SJWCD was unable to obtain voter approval or financing. Further remarks underscored the opinion that the SJWCD was equally obligated to the project and its ultimate outcome.

Update Regarding Water Loss

Gene Tautges provided a report on staff's efforts to address water loss (copy attached).

Consideration of Recommendations from the Audit Committee

Director Chacey reported on behalf of the Audit Committee that while discussion had been held regarding being diligent to seek out the best services at the best cost (currently approximately \$63,000), the time-frame for issuing a Request for Proposal and seeking alternative estimates was too short to accomplish the compilation and audit in the period allowed for 2010. The Committee therefore recommended acceptance of both the Letter of Engagement for audit services from Wall, Smith and Bateman & Associates, Inc. (WSB), as well as the Letter of Engagement for compilation services from Clark, White and Associates, Inc. (CWA). Director Vega further added that it was the recommendation of the Audit Committee that they direct Shellie Peterson to notify WSB of the District's intent to issue a Request for Proposals for the 2011 audit services and also notify CWA of the District's intent to issue Request for Proposals for the 2012 compilation services. Audit and compilation service provider changes being purposefully separated to allow for a smooth and efficient transition. A motion was made by Director Chacey to authorize Chairman Hartvigsen to execute both above referenced Letters of Engagement for 2010. The motion was seconded by Director Bunch and passed unanimously.

Consideration of Additional SolarBee Unit Purchase in 2011

The Directors considered a memo from Gregg Mayo regarding the purchase of seven SolarBee units in 2011 for essentially the same cost as budgeted to purchase 6 units. Director Vega inquired regarding the Pagosa Lakes Property Owner's Association's benefit to fisheries as a result of the installation of SolarBees. Gene Tautges confirmed that the environmental effects of treating the lakes extended to the benefit of fisheries and that PLPOA had indeed purchased one of the units now in service in the reservoirs. Mr. Tautges also indicated that he had approached Larry Lynch regarding PLPOA's participation in more SolarBees but that the request had failed for the 2011 budget. Larry Lynch had begun pursuing grant funds for this purpose. Director Vega offered to contact the PLPOA Board and continue these discussions. After further discussion a motion was made by Director Bunch and seconded by Director Chacey to approve the purchase of seven SolarBees at approximately the same cost as budgeted for 6 units in the 2011 Budget. The motion passed unanimously.

Consideration of Filing of Statement of Opposition in Case No. 10CW94 Mask, LLC.

Shellie Peterson indicated that this matter had been noticed prior to Evan Ela, Collins Cockrel & Cole, finding out that the water right referenced above involved a 2010 appropriation date that would not be injurious to the District. No action was recommended by legal counsel.

Other Business

Chairman Hartvigsen sought the other Directors opinion about contacting the Laverty Family as a matter of courtesy regarding the pending settlement with Trout Unlimited. Negotiations with that Family had been put in suspension in mid-summer pending further information and direction for the project. While an actual Decree was still pending, the Directors agreed that a call would be appropriate to update the Laverty's of the progress. Chairman Hartvigsen offered to do so.

There being no further business to come before the Board, the meeting was adjourned at 9:20 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, March 8, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
 - Minutes – 2/22/11 Regular meeting
 - Projects Update
 - Financial Report
2. Public Comment
3. Award of Bid – Sanitary Sewer System Cleaning, Televising and Point Repairs
4. Request for Consideration of Water Service Charges – Mary Hart, Hart's Rocky Mountain Retreat
5. Request for Consideration of Extension Pending the Comprehensive Review of Fees Seeds of Learning Early Care and Education Center
6. Update regarding the Comprehensive Review of Fees
 - a) Update on Cost of Service Rate Study – Red Oak Consulting
 - b) Update on Revisions to Capital Investment Plan – Davis Engineering Service, Inc.
 - c) Report Regarding Alternative Financing/Ownership of the Dry Gulch Reservoir Project Committee
7. Update regarding Water Loss
8. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 8, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Roy Vega, and Jan Clinkenbeard.

In attendance from staff: Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Mike Davis, Wade Henderson, Jodi Blankenship, Randi Pierce, Glenn Robinson, Glenn Walsh, Diane Bower, and Lynne Bridges.

Call to Order

The Regular meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:34 p.m. on March 8, 2011. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to excuse Director Chacey who had called to say that she was ill and could not attend the meeting. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Directors considered the Consent Agenda. Interim District Manager, Shellie Peterson, and Operations Manager, Gene Tautges, provided the Projects Update. Director Vega inquired into the status of Triad's claim against the Highland's Lagoon Elimination project. Mr. Tautges explained the events that led up to the claim. Director Vega also inquired into the status of Ed Raymond's interest in having PAWSD service to his properties. Mr. Tautges stated that it was in the very preliminary stages. Lastly, Director Vega inquired into the status of the Mountain Landing R.V. Park. Mrs. Peterson stated this project was in the District and was also in the preliminary stages although the developer had completed a fixture count worksheet and requested a cost estimate to connect utilizing a master meter.

Mrs. Peterson provided the Financial Update. She called the Board's attention to the PAWSD February 28, 2011 financial statements in stating that while the Balance Sheet figures were not final until the audit entries had been completed, the Income Statements provided information on the revenue and expenditures through February of 2011. Mrs. Peterson also provided an update on the stance of the local banks regarding the Temporary Liquidity Guarantee Program expiration stating that she and Director Chacey had met with each of the local banks that currently hold PAWSD accounts, and Citizens Bank and First Southwest Bank are basically no longer accepting public funds. Bank of the San Juans participates in a networking program, CDARS, which allows it to accept public funds and through a reciprocal process places these funds at different qualified banks around the country while offering the District the convenience of working with just the local bank. Mrs. Peterson stated that she thought this may be an interesting option for PAWSD, and she would like to consult with Joe Drew who helped the District with its Investment Policy. The Board agreed and directed Mrs. Peterson to continue pursuing this

option while providing timely updates. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. No comments were offered.

Award of Bid – Sanitary Sewer System Cleaning, Televising, and Point Repairs

A motion was made by Director Vega and seconded by Director Bunch to authorize the Chairman to sign the Notice of Award for the sanitary system cleaning, televising, and point repairs to Quality Pipe Services (copy attached). The motion passed unanimously.

Request for Consideration of Water Service Charges – Mary Hart, Hart’s Rocky Mountain Retreat

Mary Hart, Hart’s Rocky Mountain Retreat, had submitted a written request for consideration of water service charges regarding a leaking toilet event (copy attached). Following a lengthy discussion, a motion was made by Director Bunch and seconded by Director Clinkenbeard to deny Mary Hart’s request for consideration of water service charges as it did not fall within the parameters of the District’s Leak Rate Policy. The motion passed unanimously.

Request for Consideration of Extension Pending the Comprehensive Review of Fees – Seeds of Learning Early Care and Education Center

The Executive Director for Seeds of Learning Early Care and Education Center, Lynne Bridges, appeared in person and submitted a letter (copy attached) to the Board to request an extension on the moratorium on payments associated with the Water Resource Fee (WRF) and Capital Investment Fee (CIF) that was granted on December 14, 2010. A motion was made by Director Bunch and seconded by Director Clinkenbeard to grant the request until the outcome of the comprehensive review of fees was completed. The motion passed unanimously.

Update on the Comprehensive Review of Fees

a) Update on Cost of Service Rate Study – Red Oak Consulting

Shellie Peterson provided an update on the work completed thus far stating that she was impressed at this point in the process. She suggested the Board plan for a telephone conference to discuss the first stage of Red Oak Consulting’s work during the March 22, 2011 Regular Board meeting and to move the March 16, 2011 Work Session to March 23, 2011 to allow for the attendance of Davis Engineering Service, Inc. (Davis). The Board agreed and the meetings were set for those dates. Mrs. Peterson reminded the Board that the presentation of Red Oak Consulting’s work on March 22, 2011 would not address the actual suggested rates, but would entail making some policy decisions to that end.

b) Update on Revisions to Capital Improvement Plan – Davis Engineering Service, Inc.

Mike Davis provided the update on the Capital Improvement Plan (CIP). Mr. Davis reviewed the direction received by the Board during the March 1, 2011 Work Session regarding the CIP. Specific directions included: (1) Davis should consider full build out of the District and a planning horizon of 2055. (2) In lieu of incorporating a one year safety supply margin, Davis should use the firm yield of the District as reported by Steve Harris on January 19, 2011 and further revised to reflect the inclusion of the entire water storage at Hatcher Reservoir and the average demand for raw water irrigation by the golf course rather than the maximum demand. (3) An arbitrary amount to reflect conservation measures should not

be considered at this time in the model. (4) It is assumed that the firm yield of the District will not increase with upgrades to the Snowball and San Juan Water Treatment Plants under drought circumstances such as those in 2002-2003. (5) A factor of safety of 1.1 for treated water storage is considered acceptable.

He requested further clarification on a few points so as to complete the CIP and provide it to Red Oak Consulting by the end of the week. The points of clarification that the Board agreed upon were: (1) Accept that the District will require increased raw water storage or water rights at a cost of approximately \$10,000,000 prior to full build out. (2) Because the Board is comfortable being at 110% of the peak daily demand of the District at times prior to full build out, two of the treated water tanks originally scheduled for implementation could be delayed until after the anticipated full build out of the District in 2033. (3) The cost of the Snowball Raw Water Conveyance Replace and Enlarge project will be reviewed by Davis, and the cost allocation will be changed to 80% on rates, 10% on Capital Investment Fee (CIF), and 10% on WRF, or such calculations as determined by the engineering process with the Directors notified should the results be substantially different. (4) The cost for the Master Plan Update will be allocated 1/3 on rates, 1/3 on CIF, and 1/3 on WRF.

c) Report Regarding Alternative Financing/Ownership of the Dry Gulch Reservoir Project Committee

Director Bunch provided the update for the Dry Gulch Reservoir Project Committee stating the Committee has yet to meet and Val Valentine has offered his services to that Committee. Director Vega inquired into whether a percentage of interest had been developed in return for the San Juan Water Conservancy District's (SJWCD) contribution to the accrued interest on the CWCB loan incurred for the purchase of the property for the Dry Gulch Reservoir Project. Shellie Peterson stated that it had not yet been completed, but she did discuss the matter with District Counsel, Evan Ela, and they could not replicate the same manner in which it was previously calculated. However, she could develop an interest percentage and present it to the SJWCD Board at its next Regular meeting on March 14, 2011.

Update on Water Loss

Gene Tautges provided the update on water loss (copy attached) stating the monthly calculated loss percentage for the February billing period remains high at 34.5%, and field staff repaired five leaks that surfaced during the month estimated to cumulatively have lost approximately 165,000 gallons of water. He also stated the second Dynasonics strap on meter is anticipated to be delivered this week with the mod bus modification installed, which would be installed at the Hatcher Water Treatment Plant to determine if the perceived temperature related problems could be resolved. Finally, Mr. Tautges stated that he had completed the initial pressure analysis at the staff level and would share that information with the new District Manager and Davis in the near future to further develop a strategy for potential pressure reduction in high pressure areas.

Other Business

Shellie Peterson called the Board's attention to staff's response to a letter from J.B. Smith (copy attached). She also presented the Board with copies of a letter from the Archuleta County Board of County Commissioners stating that it was not in a position to offer guidance on the District's Service Plan Amendment (copy attached). Mrs. Peterson further stated that she reviewed alternative health insurance plans and PAWSD current plan remains the best option for the time being; however, this may change once the renewal rates are published in the coming weeks. She will provide the Board with updates as information is made available. Finally, Mrs. Peterson provided the Board with a list of definitions pertaining to the comprehensive review of fees (copy attached). Chairman Hartvigsen suggested the Board review the list of definitions and discuss it at the next meeting. Chairman Hartvigsen also provided

the Board with an update regarding his conversation with the Lavery family stating that he had contacted them with the status of the possible Trout Unlimited settlement.

There being no further business to come before the Board, the meeting was adjourned at 9:34 p.m.

Respectfully Submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, March 22, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
 - Minutes – 3/8/11 Regular meeting
 - Financial Report – February PDPA Reports
2. Public Comment
3. Request for Consideration of Availability Charges – Judy Lackner
4. Discussion Regarding Hatcher Water Treatment Plant Signage
5. Update regarding the Comprehensive Review of Fees
 - a) Update on Cost of Service Rate Study – Red Oak Consulting
 - b) Update on Revisions to Capital Investment Plan – Briliam Engineering
6. Consideration of Health Insurance Renewal with Colorado Employment Benefits Trust
7. Consideration of CDARS Deposit Placement and Custodial Agreement with Bank San Juans
8. Consideration of Highlands Lagoon Lift Station Change Order – Triad Western Constructors
9. Update regarding Water Loss
10. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 22, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Roy Vega, Windsor Chacey, and Jan Clinkenbeard.

In attendance from staff: Ed Winton, Shellie Peterson, Gene Tautges, Renee Lewis, and Art Holloman. Also present were: Mike Davis, Lindsay Bright, Glenn Walsh, Diane Bower, Patrick O'Brien, Marilyn Bunch, Steve Van Horn, and Judy Lackner.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:30 p.m. on March 22, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Directors considered the Consent Agenda. Director Vega suggested adding the word 'health' to clarify the type of insurance being discussed, on page 3 of the March 8, 2011 meeting minutes under Other Business. Assistant Manager, Shellie Peterson, provided the Financial Update – PDPA February Reports stating that Bank of The San Juans was collateralized at 1.04%, Citizens Bank was collateralized at 1.03%, and First Southwest Bank was collateralized at 1.21%. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Consent Agenda with the change made to the meeting minutes as noted above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. No comments were offered.

Request for Consideration of Availability Charges – Judy Lackner

Judy Lackner appeared in person and submitted a letter (copy attached) to the Board to request consideration of availability charges due because her previously consolidated lots were now being subdivided by court order. Following a lengthy discussion, a motion was made by Director Vega and seconded by Chairman Hartvigsen to grant Ms. Lackner's request. The motion failed 2-3 with Chairman Hartvigsen and Director Vega in favor. A motion was made by Director Bunch and seconded by Director Vega to deny Ms. Lackner's request, but that she be allowed to arrange a payment plan with staff. The motion failed 1-3 with Director Bunch in favor. Director Chacey abstained. A motion was made by Chairman Hartvigsen and seconded by Director Clinkenbeard to grant Ms. Lackner's request and to

clarify the relative language in the PAWSD Rules and Regulations 10.13 pertaining to combined and consolidated lots in the District following a review of the Archuleta County lot consolidation process. The motion passed 4-1 with Director Bunch opposed.

Update Regarding the Comprehensive Review of Fees

a) Update on Cost of Service Rate Study – Red Oak Consulting

Fernando Aranda and Kevin Burnett, Red Oak Consulting, provided a presentation on their work thus far regarding the Financial Model for the Water Enterprise Fund (copy attached). They presented 4 options for the Board to consider regarding future financing and how best to move forward with the model to the rate making stage. Staff and Red Oak Consulting were directed by a consensus of the Directors to proceed with Option 2, reflecting the option to fund future operations and maintenance with the least amount of rate increases, retiring the 1998 bond debt early, and continuing to operate using cash and bond financing. The Directors also agreed to a 90 day Operations and Maintenance (O&M) target reserve.

b) Update on Revisions to Capital Improvement Plan – Briliam Engineering

Patrick O'Brien, Briliam Engineering, presented the wastewater component of the Capital Improvement Plan (CIP) (copy attached) stating that based on the population assumptions made for the CIP, PAWSD current wastewater plant is capable of serving the District until approximately 2050 with regular maintenance and part replacement. He also stated that infiltration and inflow operations will be very important in the coming years to maintain the current infrastructure and avoid large capital projects in the near future. The Directors agreed the wastewater component of the CIP could be provided to Red Oak Consulting in order to facilitate the completion of the Wastewater Enterprise Financial Model with a Capital Investment Fee of \$762.00 so that progress could continue with the cost-of-service rate study.

Discussion Regarding Hatcher Water Treatment Plant Signage

District Manager, Ed Winton, provided the Board with options for how to address the complaints regarding the PAWSD sign on the new Hatcher Water Treatment Plant using a different color scheme. The Board also considered how best to use the landscaping budget to block the view of the sign from certain vantage points. Director Clinkenbeard suggested inviting the neighbors to comment on any landscaping plan, but would not support using any funds to change the color scheme of the sign. She also stated that an opportunity to comment of the project's design was provided over a year ago during the county review process and no negative comments were heard at that time. Director Clinkenbeard noted that the signage had been clearly depicted on the documents submitted during that process and also had been on the District's website. Director Vega stated that because the new water treatment plant is not compatible with other property uses in the area and to be a good neighbor, PAWSD should spend the funds necessary to change the color scheme of the sign. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to leave the sign as it was designed. The motion passed 4-1 with Director Vega opposed.

Consideration of Health Insurance Renewal with Colorado Employment Benefits Trust

Shellie Peterson provided the Board with renewal rates for the District's health insurance plan (copy attached) stating the rates include a 10% increase as opposed to the budgeted 20% increase thereby projecting a savings of approximately \$35,000 from the budgeted allowance. Given the favorable renewal

rates, further consideration of changing health insurance carriers would not create an economic advantage according to the initial estimates provided from other carriers. She suggested that the Board could allocate a portion of the savings to continue the long-term disability coverage at a cost of \$6,000 per year. A motion was made by Chairman Hartvigsen and seconded by Director Clinkenbeard to renew the Colorado Employment Benefits Trust coverage, moving to the PPO3 plan, and dropping the long-term disability coverage. The motion passed unanimously.

Consideration of Highlands Lagoon Lift Station Change Order – Triad Western Contractors, Inc.

The Board reviewed the memo provided by Projects Manager, Gregg Mayo, regarding the Highlands Lagoon Lift Station Change Order #5 from Triad Western Contractors. A motion was made by Director Vega and seconded by Chairman Hartvigsen to approve the Highlands Lagoon Lift Station Change Order #5 from Triad Western Contractors. The motion passed unanimously.

Update Regarding Water Loss

Operations Manager, Gene Tautges, provided the Water Loss Update stating that he expected the re-calibrated meters to be installed at the existing Hatcher Water Treatment Plant sometime in the next few days. He also stated that staff has found some broken meters in the field that are being replaced and has begun to schedule pilot tests with vendors to review different technical equipment to address water loss.

Other Business

A motion was made by Director Bunch and seconded by Director Clinkenbeard to authorize Ed Winton to be on the District's signature cards and removing Shellie Peterson from said cards. The motion passed unanimously. A motion was made by Director Vega and seconded by Director Bunch to table the CDARS item until the next Regular Meeting. The motion passed unanimously. Shellie Peterson asked the Board if it would like to continue to support the Health Fair by providing copier use at no cost. The Directors agreed that another entity may be better suited to offer this type of equipment donation and directed Mrs. Peterson to inform the Health Fair officials that PAWSD would no longer be providing this service. She also brought to the attention of the Board the Annual Meeting for the Southwestern Water Conservancy District being on April 1, 2011. Director Chacey provided the Board with copies of Governor Hickenlooper's "Bottom-up Economic Plan" and suggested that she and Val Valentine, in cooperation with Director Bunch and the SJWCD, prepare a presentation for state officials regarding potential partners for the Dry Gulch Reservoir Project.

There being no further business to come before the Board, the meeting was adjourned at 10:12 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 28, 2011, at 6:30 p.m. The Special 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. Consideration of Resolution of Amendment to and Clarification of the Application of the District's Capital Investment Fees, Water Resource Fee, and Availability Fee Assessments
2. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 28, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Windsor Chacey, Roy Vega, Jan Clinkenbeard, and Allan Bunch.

In attendance from staff: Ed Winton, Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Jodie Blankenship, Lindsay Bright, Neil Doherty, John Ramberg, Bruce Dryburgh, Glenn Robinson, Dusty Pierce, and Larry Ash.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:30 p.m. on March 28, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Consideration of Resolution 2011-4 – Resolution of Amendment to and Clarification of the Application of the District’s Capital Investment Fees, Water Resource Fee, and Availability Fee Assessments

The Board considered Resolution 2011-4 – Resolution of Amendment to and Clarification of the Application of the District’s Capital Investment Fees, Water Resource Fee, and Availability Fee Assessments (copy attached). The Directors suggested the Resolution be changed to reflect the actual implementation date for the Capital Investment Fee (CIF), which was April 2, 2002. The Directors also suggested changes to the definition of the CIF to read more consistently with the other definitions listed and removing the fee examples for a more efficient read of the document. Lastly, the Directors suggested including the word “store” in the definition of the Raw Water Acquisition Fee (RWF). Regarding the paragraph that discusses the various studies and reports completed by or for PAWSD, the Directors suggested removing it entirely as it was superfluous to the intent of the document. Regarding amortization of the new CIF, the Directors changed the policy to read “The Board may be petitioned for amortization of Water and/or Wastewater CIF assessments in excess of 3 E.U.s.” A motion was made by Director Vega and seconded by Director Bunch for the adoption of Resolution 2011-4 as amended above. The motion passed unanimously.

Assistant Manager, Shellie Peterson, informed the Board that Wall, Smith, Bateman & Associates, Inc. had reviewed her work regarding possibly refunding the Water Resource Fee (WRF) down to the recently Board approved amount of the newly created RWF, \$1959.00, and had concurred that even without including the WRF funds as revenue for the years that it had been collected, PAWSD was still in

compliance with its bond covenants – the bond covenant requirements being 1.25 and for 2006 coverage was 2.38, 2007 coverage was 2.20, 2008 coverage was 2.21, and 2009 coverage was 2.27 (copy attached). While Mrs. Peterson was not able to provide formal documentation of this concurrence, Wall, Smith, Bateman & Associates, Inc. representative, Kristi Cortez, stated the firm would be responsible for justifying why it did not come to the conclusion in the audit that PAWSD was out of compliance with its bond covenants unless the WRF funds were included as revenue; thus, giving Mrs. Peterson assurance that the Board could move forward. A motion was made by Director Vega and seconded by Chairman Hartvigsen to refund all funds paid under the name of the WRF to the current owner of record down to the amount of the newly created RWAF, \$1959.00. The motion passed unanimously. For the record, Mrs. Peterson noted the total amount of the refund will be approximately \$686,000, not including those fees that were amortized, and the refund process that will be used was approved by Wall, Smith, Bateman & Associates, Inc. during the initial refunds completed in December 2010 and January 2011. Mrs. Peterson also requested direction from the Board regarding whether to advance a maturing CD from the General Fund to the Water Enterprise Fund for the purposes of issuing all of the refunds at one time, rather than waiting until a CD specific to the WRF matured in June. A motion was made by Director Vega and seconded by Director Bunch to authorize the advancement of such funds from the General Fund to the Water Enterprise Fund for the purposes of refunding the WRF down to the amount of the newly created RWAF, \$1959.00, and for the advancement to be paid back to the General Fund by the Water Enterprise Fund once the funds become available due to the maturity of the CD specific to the WRF. The motion passed unanimously.

Other Business

Shellie Peterson informed the Board that following preliminary work on the Wastewater Capital Improvement Plan it appears a rate increase for wastewater service will likely be required. She also informed the Board that the Wastewater Enterprise Fund was not technically paying the Water Enterprise Fund for the water used to treat the wastewater amounting to approximately \$60,000 per year, and this appeared to be an inequity because the water service customers are thereby subsidizing District 1's wastewater service. A motion was made by Director Vega and seconded by Director Bunch, as the Board of the Water Enterprise Fund, to bill the Wastewater Enterprise Fund for water service used in the treatment of wastewater beginning in the month of June, 2011. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 8:12 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, April 11, 2011, at 6:30 p.m. The Special 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. Presentation and Consideration of Wastewater Financial Model and Wastewater Service Charges
2. Consideration of Water Service Minimum Monthly Service Charge and Volume Rate Tiers
Consideration of Resolution 2011-5 Amendment to Resolution 2011-4
Amendment to and Clarification of the Application of the District's Capital Investment Fees, Water Resource Fee, and Availability Fee Assessments
4. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors
Resolution of Amendment to Resolution 2011-4

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 11, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Windsor Chacey, and Jan Clinkenbeard.

In attendance from staff: Ed Winton, Shellie Peterson, Gene Tautges, and Renee Lewis. Also present was: Lindsay Bright.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:31 p.m. on April 11, 2011. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to excuse Director Vega as he had emailed that he was unable to attend the meeting. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Presentation and Consideration of Wastewater Financial Model and Wastewater Service Charges

Kevin Burnett and Fernando Aranda, Red Oak Consulting, provided a presentation on their work regarding the Financial Model for the Wastewater Enterprise Fund and associated service charges (copy attached). They presented four options for the Board to consider regarding future financing for the Wastewater Enterprise Fund. Staff and Red Oak Consulting were directed by a consensus of the Board to proceed with Option IV, reflecting the option to work towards funding future operations and maintenance on a cash only basis through rate increases over the next three years. The Directors agreed that having the Wastewater Enterprise Fund carry its own independent debt service coverage was a good goal, and Option IV illustrated that being accomplished by the end of 2012. Combining the Water and Wastewater Enterprise Funds' operating income and expense would continue until that time for the purposes of meeting the combined Water and Wastewater Enterprise Funds debt service coverage requirements. The Directors also agreed to a 90-day operations and maintenance target reserve and a rate increase of \$4.00 for wastewater service to be effective June 1, 2011. A motion was made by Director Bunch and seconded by Chairman Hartvigsen to adopt Option IV as described above and presented by Red Oak Consulting. The motion passed unanimously.

Consideration of Water Service Minimum Monthly Service Charge and Volume Rate Tiers

Kevin Burnett and Fernando Aranda, Red Oak Consulting, provided a presentation on their work regarding the Water Service Minimum Monthly Service Charge and the Volumetric Rate Tiers (copy

attached). They presented three options for the Board to consider regarding the future rate structure for water service. Staff and Red Oak Consulting were directed by a consensus of the Board to proceed with Option II, reflecting a revenue neutral rebalancing option to increase the base service charge by \$1.00 per Equivalent Unit (E.U.), change the block multipliers of the volumetric tiers to 2x Tier1 for Tier 2 and 2.5x Tier 1 for Tier 3, decrease the amount of those rates from the current amounts of \$4.70, 9.50, and 11.45 to \$4.50, \$9.00, \$11.30, respectively, and retain the current volume thresholds of 8,000, 20,000, and >20,000 gallons. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to adopt Option II as described above and presented by Red Oak Consulting. The motion passed unanimously.

Consideration of Resolution 2011-5 Amendment to Resolution 2011-4 – Amendment to and Clarification of the Application of the District’s Capital Investment Fees, Water Resource Fee, and Availability Fee Assessments

A motion was made by Director Bunch and seconded by Chairman Hartvigsen to approve Resolution 2011-5 (copy attached) as presented, which repealed the previously stated amount of \$762.00 for the Wastewater Capital Investment Fee (CIF) and approved the new Wastewater CIF amount of \$1017.00. The motion passed unanimously.

Other Business

Director Chacey inquired about a possible new property valuation process being implemented by Archuleta County. Assistant Manager, Shellie Peterson, stated that she was not aware of a new process and would not likely know what effect the re-assessment of values by Archuleta County would have on the District’s assessed values until August 15, 2011. Director Bunch suggested the County Assessor’s office as a venue for this query. Director Bunch also suggested the Board reconsider the assignment of more than one E.U. to residential properties. Mr. Bunch opined that a larger home or one with a higher fixture count would not necessarily use more water. He stated there is probably data available to the District to test out this theory and perhaps it should be researched. Mrs. Peterson pointed out that the method of determining meter size and E.U.s based upon fixture count was a well recognized practice and that the intent was to determine what gallon per minute demand a home or business had the capability of putting on the water system. She also suggested that usage patterns would change over time and through changes in ownership.

There being no further business to come before the Board, the meeting was adjourned at 9:17 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, April 12, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
 - Minutes – 3/22/11 Regular meeting, 3/28/11 Special Meeting
 - Financial Reports – Investment Report and Financial Statements 3/31/11
 - Project Update
 - a) Triad Western Contractors Change Order 4 Highlands Lagoon Elimination – Resumption of Work
 - b) Southwest Contracting LLC Change Order 4 Vista WWTP Centrifuge and Biosolids – Extension of Time
 - c) Weaver General Construction Change Order 6 Hatcher WTP Improvements
2. Public Comment
3. Request for Consideration of Pagosa Rooter Invoice – Bill Hudgins, Sunetha Property Management
4. Consideration of CDARS Deposit Placement and Custodial Agreement with Bank San Juans
5. Consideration of Water Resource Fee Refunds on Specific Amortization Agreements
6. Consideration of Inclusions and Inclusion Moratorium, District 2
7. Consideration of On-Going Citizens Advisory Committee
8. Update regarding Water Loss
9. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Shellie Peterson
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 12, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Roy Vega, Windsor Chacey, and Jan Clinkenbeard.

In attendance from staff: Ed Winton, Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Lindsay Bright, Jodie Blankenship, John Ramberg, Bruce Dryburgh, and Glenn Robinson.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:30 p.m. on April 12, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Directors considered the Consent Agenda. The Directors reviewed the minutes for the March 22 and 28, 2011 meetings, the Investment Report and Financial Statements dated March 31, 2011, and the Projects Update. Assistant Manager, Shellie Peterson, informed the Board that, while still not a final number, the most recent amount for the Water Resource Fee refunds would be \$706,606.00. A motion was made by Chairman Hartvigsen and seconded by Director Chacey to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. John Ramberg offered comments on a potential PAWSD treated water leak near the hospital. He also stated that he would be presenting a report to the Community Water Supply Work Group on Wednesday, April 13, 2011 at 4:30 p.m. in the PAWSD meeting room.

Request for Consideration of Pagosa Rooter Invoice – Bill Hudgins, Sunetha Property Management

The Directors considered the request by Bill Hudgins, Sunetha Property Management, for reimbursement of a Pagosa Rooter invoice incurred because of a main line sewer blockage (copy attached). A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the request for reimbursement. The motion passed unanimously.

Consideration of CDARS Deposit Placement and Custodial Agreement with Bank of the San Juans

Shellie Peterson provided the Board with a history of how PAWSD came to consider a CDARS Deposit Placement and Custodial Agreement with Bank of the San Juans (copy attached) while recommending this as a good financial opportunity. A motion was made by Director Vega and seconded by Director Bunch to authorize the PAWSD Treasurer and District Manager to sign the CDARS Deposit Placement Agreement with the Bank of the San Juans. The motion passed unanimously.

Consideration of Water Resource Fee Refunds on Specific Amortization Agreements

The Directors reviewed a list of the Water Resource Fee refunds on specific amortization agreements (copy attached). A motion was made by Director Bunch and seconded by Director Chacey to allow the District Manager the authority to negotiate and finalize new agreements or payment of agreements. The motion passed unanimously.

Consideration of Inclusions and Inclusion Moratorium

Following a lengthy discussion, the Board agreed that a moratorium on inclusions for District 1 would not be necessary as the Board has ample mechanisms in place to thoroughly review any inclusion application and the potential impacts on the existing customers and infrastructure prior to approval.

Consideration of On-going Citizens Advisory Committee

This item was tabled until the next PAWSD Board Regular Meeting.

Update Regarding Water Loss

District Manager, Ed Winton, and Operations Manager, Gene Tautges, provided the Water Loss Update (copy attached). The Board directed staff to provide it with a formal business plan, including budget, on water loss and the GIS program by the second Regular Meeting of May, 2011.

There being no further business to come before the Board, the meeting was adjourned at 9:17 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, April 26, 2011, at 6:30 p.m. The Board of Directors is expected to enter into Executive Session for the purposes of discussing personnel matters pursuant to Section 24-6-402(4)(f), C.R.S. The 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. Approval of Consent Agenda
Minutes – 4/11/11 Special meeting, 4/12/11 Regular Meeting
Financial Report – Investment Report
Water Conservation Program Report
Water Loss Detection and Repair Program
Projects Update
2. Public Comment
3. Consideration of Approval of Schedule of Fees and Charges (Appendix B)
4. Consideration of Resolution 2011-6 – Resolution to Repeal the District Policy Concerning Partial Waiver or Amortization of the Water Resource Fee, Partial Waiver of the Water Capital Investment Fee, and Partial Waiver of the Wastewater Capital Investment Fee
5. Consideration of Connection Charges Waiver Request from Jim Miller, Town of Pagosa Springs
6. Consideration of Biosolids Greenhouse Location
7. Presentation by Community Water Supply Work Group
8. Consideration of On-going Citizens Advisory Committee
9. Update regarding Water Loss
10. Executive Session Pursuant to Section Above Described
11. Any Other Business Brought Before the Board Will Be Duly Considered

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

(SEAL)

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 26, 2011 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Allan Bunch, Windsor Chacey, Roy Vega, and Jan Clinkenbeard.

In attendance from staff: Ed Winton, Gene Tautges, Mat deGraaf, and Renee Lewis. Also present were: Jodie Blankenship, Lindsay Bright, Bill Hudson, John Ramberg, Bruce Dryburgh, Glenn Robinson, Cynda Green, Bob Hart, Chalyn Fitzgerald, Jim Miller, James Vierbicher, and Cynthia Galabota.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:32 p.m. on April 26, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the April 11 and 12, 2011 meetings, the Investment Report, the Water Conservation Program Report, and the Water Loss Detection and Repair Program. The Board agreed the target for water loss in the Water Loss Detection and Repair Program should be changed from 20% to 15%. Director Clinkenbeard suggested PAWSD staff return phone calls regarding possible water leaks to thank the people for their time and to provide any updates. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda as amended. The motion passed unanimously.

Public comment

Chairman Hartvigsen opened the meeting to public comment. No comments were offered.

Consideration of Approval of Schedule of Fees and Charges (Appendix B)

The Board reviewed the revised Schedule of Fees and Charges (Appendix B) (copy attached). The Directors agreed to table the approval of Out-of District Service Charges, Inclusion Charges, Model Data Use Fees, and Raw Water Charges pertaining to Tanker Charges for further clarification. Director Chacey requested that a raw water program for gardening be researched. The Board agreed to remove the current fee structure regarding copies made for District customers with the understanding that a reasonable amount of copies associated with PAWSD account materials can still be made for PAWSD customers. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the

revised Schedule of Fees and Charges (Appendix B) as amended and clarify the above mentioned tabled items at a later date. The motion passed unanimously.

Consideration of Resolution 2011-6 – Resolution to Repeal the District Policy Concerning Partial Waiver or Amortization of the Water Resource Fee, Partial Waiver of the Water Capital Investment Fee, and Partial Waiver of the Wastewater Capital Investment Fee

The Board considered Resolution 2011-6 – Resolution to Repeal the District Policy Concerning Partial Waiver or Amortization of the Water Resource Fee, Partial Waiver of the Water Capital Investment Fee, and Partial Waiver of the Wastewater Capital Investment Fee (copy attached). Comments were heard by James Vierbicher and Cynthia Galabota, Habitat for Humanity, regarding their desire for the Board to retain the PAWSD policy of providing a 50% waiver of the Capital Investment Fees, including the Raw Water Acquisition Fee component, for those who qualify for affordable housing. Director Chacey also expressed her desire to retain the policy. Director Vega suggested the recital pertaining to Section 29-1-203, C.R.S., authorizing the District to contract with other local governmental entities be removed as it is superfluous. Following a lengthy discussion, a motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve Resolution 2011-6 as amended. The motion passed 4-1 with Director Chacey opposed.

Consideration of Connection Charges Waiver Request from Jim Miller, Town of Pagosa Springs

Request for waiver of connection charges (copy attached) was withdrawn by Jim Miller, Town of Pagosa Springs.

Consideration of Biosolids Greenhouse Location

The Board reviewed three possible sites for the Biosolids Greenhouse, staff recommendations, and comments submitted by the community (copy attached). A motion was made by Director Bunch and seconded by Director Chacey to approve site #3 for the location of the Biosolids Greenhouse. The motion passed unanimously.

Presentation by Community Water Supply Work Group

Community Water Supply Work Group (CWSWG) Chairman, Bruce Dryburgh, presented a report edited by CWSWG member, John Ramberg (copy attached). Summarized, the report recommended that PAWSD (1) Create a dashboard display of information, (2) expand water loss efforts to include hiring an outside consultant, (3) calculate water loss by subtracting water sold from water treated and divide that number by amount treated, (4) install measurement equipment on Fourmile Creek, (5) seek senior water rights on Fourmile Creek and the San Juan River, (6) evaluate District 2's water needs and prepare to supply water from District 1 to District 2, and (7) access and treat fresh water from streams and rivers as it yields the highest quality water at lowest cost.

Consideration of On-going Citizens Advisory Committee

The Board thanked the CWSWG for all of its good work and agreed that due to the tremendous efforts of the CWSWG, PAWSD Board and staff have many tasks to complete before CWSWG assistance will be needed again in the near future. Members of the CWSWG offered their individual assistance should a need arise.

Update Regarding Water Loss

Gene Tautges provided the Board with an update on water loss efforts (copy attached).

Executive Session Pursuant to Section 24-6-402(4)(f), C.R.S.

A motion was made by Director Clinkenbeard and seconded by Director Bunch to enter into Executive Session at 10:35 p.m., pursuant to Section 24-6-402(4)(f), C.R.S., for the purposes of discussing personnel matters with District Manager, Ed Winton. The motion passed 4-1 with Director Vega opposed.

Return to Open Session

The Board returned to open session at 11:00 p.m. Upon returning to open session, a motion was made by Director Bunch and seconded by Director Clinkenbeard to alter Ed Winton's employment contract to cover any reasonable moving expenses not to exceed at this time \$15,000. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 11:01 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, May 10, 2011, at 6:30 p.m. The 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. Approval of Consent Agenda
Minutes – 4/26/11 Regular Meeting
Projects Update
Update Regarding Water Loss
2. Public Comment
3. Consideration of Approval of Remaining Items on Schedule of Fees and Charges
(Appendix B)
4. Discussion of Vista Wastewater Treatment Plant Energy Audit Report from MWH
5. Consideration of Approval of Water and Wastewater Financial Plan and Rates Report,
Red Oak Consulting
6. Review of Raw Water Agreement between PAWSD and Pagosa Golf
7. Consideration of Unbilled/Adjusted Accounts
8. Consideration of Equivalent Unit Billing Method for Residential Accounts
9. Any Other Business Brought Before the Board Will Be Duly Considered

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

(SEAL)

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MAY 10, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Roy Vega, and Jan Clinkenbeard.

In attendance from staff: Ed Winton, Gene Tautges, Shellie Peterson, and Renee Lewis. Also present were: Jodie Blankenship, Lindsay Bright, Bill Hudson, Bruce Dryburgh, and Glenn Robinson.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by interim Chairman Allan Bunch at 6:33 p.m. on May 10, 2011. A motion was made by Chairman Bunch and seconded by Director Chacey to excuse Steve Hartvigsen as he had called to state that he was unable to attend the meeting. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the April 26, 2011 meeting, the Projects Update, and the Water Loss Update. A motion was made by Director Vega and seconded by Director Clinkenbeard to adopt the recommendation of the District Manager, Ed Winton, regarding the budget amendment necessary to implement the Cityworks project as outlined in the Board agenda staff summary sheet dated May 5, 2011 except as to modify such proposal to reflect the initial project budget for 2011 be funded by the General Fund reserves and allocated in future years to the Water and Wastewater Enterprise Funds as appropriate. The motion passed unanimously. A motion was made by Director Chacey and seconded by Director Clinkenbeard to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. No comments were offered.

Consideration of Approval of Schedule of Fees and Charges (Appendix B)

The Board reviewed the revised Schedule of Fees and Charges (Appendix B) (copy attached). The Directors agreed that the term "inclusion" should be replaced with "equity buy-in" and the formula for such charge should be included in the relevant PAWSD Rules & Regulations. Director Vega opined that the

Raw Water Tanker Charge was high enough to encourage water theft and suggested it be decreased to the original rate established in 2002 of \$3.75/1000 gallons. A motion to that effect died for a lack of a second. A motion was made by Director Vega and seconded by Director Clinkenbeard to approve the Schedule of Fees and Charges (Appendix B) as amended above. The motion passed 3-1 with Director Vega opposed.

Discussion of Vista Wastewater Treatment Plant Energy Audit Report from MWH

The Board reviewed the Vista Wastewater Treatment Plant Energy Audit Report from MWH (copy attached). Director Vega requested Operations Manager, Gene Tautges, review the recommendations provided in the report to see how many could be feasibly implemented and provide an update at a future meeting.

Consideration of Approval of Water and Wastewater Financial Plan and Rates Report, Red Oak Consulting

The Board reviewed the Water and Wastewater Financial Plan and Rates Report, Red Oak Consulting, (copy attached). Approval of said report was tabled pending clarification of various items discussed from Red Oak Consulting by Assistant Manager, Shellie Peterson.

Review of Raw Water Agreement between PAWSD and Pagosa Golf

The Board reviewed the terms of the Raw Water Agreement between PAWSD and Pagosa Golf (copy attached).

Consideration of Unbilled/Adjusted Accounts

The Board considered the unbilled/adjusted accounts (copy attached). A motion was made by Director Clinkenbeard and seconded by Director Vega to deliver to all modified billing accounts a letter informing these entities that as of June 1, 2011 PAWSD will be billing these accounts for water consumption according to current PAWSD rates. To effect the most accurate equivalent unit assignment, a meter sizing worksheet would also be included along with assistance toward its completion. The motion passed unanimously.

Consideration of Equivalent Unit Billing Method for Residential Accounts

The Board considered the equivalent unit (E.U.) billing method for residential accounts. Following a lengthy discussion, Directors Vega and Bunch directed staff to research the number of residential accounts that are more than 1 E.U., the financial impacts of making all residential accounts 1 E.U., and the average amount of gallons used by a 1 E.U. account.

There being no further business to come before the Board, the meeting was adjourned at 10:03 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, May 24, 2011, at 6:30 p.m. The Board of Directors may enter into executive session for the purposes of discussion of matters subject to negotiation, including Court Case 04CW85, pursuant to Section 24-6-402(4)(e), C.R.S. and for a conference with the District's attorney for the purposes of receiving legal advice on specific legal questions pursuant to Section 24-6-402(4)(b), C.R.S. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 5/10/11 Regular Meeting
 - Financial Report – PDPA Report
 - Vista Energy Audit – Implementation Report
 - Customer Comment Regarding Rate Changes – Bill McKown
 - General Liability Notice of Occurrence/Claim – Gregory Koepp
 - Water Loss Update
3. Public Comment
4. Consideration of Approval of Water and Wastewater Financial Plan and Rates Report, Red Oak Consulting
5. Consideration of Request to Provide Water – Folk Festival/Town of Pagosa Springs
6. Executive Session Pursuant to Sections as Described Above
7. Return to Open Session
8. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MAY 24, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Steve Hartvigsen, Jan Clinkenbeard, Roy Vega, and Windsor Chacey.

In attendance from staff: Ed Winton, Gene Tautges, Shellie Peterson, and Renee Lewis. Also present were: Evan Ela, Jodie Blankenship, Lindsay Bright, Bill Hudson, Bill and Brenda Blackmon, and John Ramberg.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:31 p.m. on May 24, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the May 10, 2011 Regular Meeting. Director Vega requested the language "The motion died for a lack of a second." on line 43 be changed to read "A motion to that effect died for a lack of a second." The Directors also reviewed the Financial Report, the Implementation Report for the Vista Energy Audit, the customer comment regarding the rate increase by Bill McKown, the general notice of occurrence/claim by Gregory Koepp, and the Water Loss Update. Director Bunch asked if PAWSD has a policy in place that addresses customers turning their water on and off themselves. Shellie Peterson, Financial Manager, responded that indeed PAWSD does have a policy that discourages customers from turning their water on and off themselves and it includes the complimentary service of turning water on and off by PAWSD staff during business hours, including Saturday and Sunday from 8 a.m. to 5 p.m. Director Clinkenbeard noted that in regards to the Financial Report the Bank of the San Juans was collateralized at 1.04% and the minimum requirement is 1.02%. The Board directed staff to notify Bill McKown that the Water and Wastewater Financial Plan and Rates Report by Red Oak Consulting is available for viewing on the PAWSD website. The Board also directed staff to provide a more detailed Water Loss Update once a month that includes a monthly comparison. A motion was made by Director Bunch and seconded by Director Chacey to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Comments were heard by John Ramberg regarding his dissatisfaction with the Water Loss Update. Director Bunch reminded Mr. Ramberg of the earlier Board direction to have staff provide a more detailed Water Loss Update once a month that includes a monthly comparison. Comments were also heard by Bill and Brenda Blackmon regarding PAWSD providing water service to their property. Shellie Peterson stated that she would provide them with the appropriate paperwork to determine the feasibility and costs of such a project.

Consideration of Approval of Water and Wastewater Financial Plan and Rates Report, Red Oak Consulting

The Board reviewed the revised Water and Wastewater Financial Plan and Rates Report by Red Oak Consulting (copy attached). Director Vega requested that mention of the Colorado Water Conservation Board (CWCB) loan for the Dry Gulch Project be included in the language on page three of Section Two regarding revenue requirements. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Water and Wastewater Financial Plan and Rates Report by Red Oak Consulting as amended above. The motion passed unanimously.

Consideration of Request to Provide Water – Folk Festival/Town of Pagosa Springs

The Board considered a request from the Folkwest organizers to provide water at no cost for this year's festivals as PAWSD has done in the past. The Directors agreed this is an issue for the Town of Pagosa Springs to decide on whether it would bill the festivals for water used during those events as PAWSD is no longer providing Town accounts with water at no cost.

Executive Session Pursuant to Section 24-6-402(4)(b) and 24-6-402(4)(e)

A motion was made by Director Chacey and seconded by Director Bunch to enter into Executive Session at 7:45 p.m. for the purposes of discussion of matters subject to negotiation, including Court Case 04CW85, pursuant to Section 24-6-402(4)(e), C.R.S. and for an in-person conference with the District's attorney, Evan Ela, for the purposes of receiving legal advice on specific legal questions regarding water rights pursuant to Section 24-6-402(4)(b), C.R.S. The motion passed unanimously. For clarification, Director Vega stated that he did not believe that all of the matters raised by the District's attorney warranted discussion in Executive Session.

Return to Open Session

The Board returned to open session at 9:38 p.m. Upon returning to open session, Director Vega requested that a discussion regarding the remaining amount available on the CWCB loan be placed on the agenda for the June 14, 2011 Regular Meeting.

Other Business

The Directors agreed that two Regular Meetings a month was no longer necessary and the latter Regular Meeting of each month will be changed to a Work Session. The Board directed staff to draft a resolution to such effect for the June 14, 2011 Regular Meeting.

There being no further business to come before the Board, the meeting was adjourned at 10:09 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, June 14, 2011, at 6:30 p.m. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 5/24/11 Regular Meeting
 - Projects Update
 - Water Loss Update
 - CDARS Investment Update
 - Court Case No. 04CW85 Settlement Update
 - Cityworks Trip Report
 - Thank You Letter – Seeds of Learning
3. Public Comment
4. Review of Change Order #6 – Triad Western Contractors, Inc.
5. Consideration of Request to Drain Village Lake – Larry Lynch, PLPOA
6. Consideration of Request to Waive Back Availability Fees – Raymond Finney
7. Consideration of Continued Funding of Cloud Seeding Program
8. Consideration of Resolution 2011-7 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2011
9. Discussion Regarding Remaining Funds Available from Colorado Water Conservation Board
10. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 14, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Jodie Blankenship, Lindsay Bright, Bill Hudson, Ray Finney, Ian Weerstra, Larry Lynch, Larry Allen, and John Ramberg.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:30 p.m. on June 14, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the May 24, 2011 Regular Meeting, Projects Update, Water Loss Update, CDARS Investment Update, Court Case No. 04CW85 Settlement Update, Cityworks Trip Update, and a thank you letter from Seeds of Learning. In regards to the Water Loss Update, the Directors appreciated the new format, but requested the term "water loss" in section "B" change to "unbilled" and that a graph tracking monthly water loss percentages be provided in future reports. Assistant Manager, Shellie Peterson, provided her recommendations for reinvestment of liquid funds resulting from recent maturities. She suggested that \$4,000,000 be placed in the CDARS CD placement program at .50% APY in increments of \$250,000 which would be fully FDIC insured. She further recommended that an additional \$4,028,617 be invested in CDs with the Bank of San Juans at .75% APY. Mrs. Peterson indicated that the overall average yield would be increased slightly while the weighting in any one institution would be decreased Mrs. Peterson added that as a result of these investments, future PDPA reports would be required only for the Bank of the San Juans. A motion was made by Director Bunch and seconded by Director Chacey to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Comments were heard from John Ramberg regarding the importance of a graph on the water loss updates. Comments were heard from

Larry Allen regarding his dissatisfaction with the process followed, procedure used, and public communication during the recent potential water contamination event.

Review of Change Order #6 – Triad Western Contractors, Inc.

The Board reviewed Change Order #6 – Triad Western Contractors, Inc. (copy attached). Director Vega noted that on page 3, paragraph numbered 4 of Change Order #6 should read “Section 1.(e)(i).” He also noted the change order and associated costs were incurred because Source Gas initially mis-located the gas lines and opined the Board has a duty to the rate payers to address this issue with Source Gas. Director Vega requested staff inquire with the project engineer, Brilliam Engineering, why the gas lines were not moved in lieu of relocating the sewer lines and inquire with Source Gas why the initial locates were so far off from where the gas lines were actually located. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve Change Order #6 – Triad Western Contractors, Inc. as amended above. The motion passed unanimously.

Consideration of Request to Drain Village Lake – Larry Lynch, PLPOA

Pagosa Lakes Property Owners Association (PLPOA) Board of Directors submitted a letter (copy attached) and appeared in person through representative, Larry Lynch, regarding the need to drain Village Lake this fall in order to make necessary repairs to the dam outlet pipe and to request any in-kind donations available from PAWSD. A motion was made by Director Vega and seconded by Director Bunch to authorize the District Manager to provide whatever in-kind assistance that may be necessary for the Village Lake dam repair. The motion passed unanimously. A motion was made by Director Vega and seconded by Steve Hartvigsen to authorize PLPOA to drain Village Lake in order to effect outlet pipe repairs in coordination with PAWSD staff and after notification of central core users. The motion passed unanimously.

Consideration of Request to Waive Back Availability Fees – Raymond Finney and Ian Weerstra

Raymond Finney and Ian Weerstra submitted a letter (copy attached) and appeared in person to request that the Board waive back availability fees on a lot that was previously combined with two other lots through Resolution with PAWSD to avoid paying availability fees on said lot. The Resolution would have required Mr. Finney to pay back availability fees should he ever decide to uncombined the lots. However, Mr. Finney and Mr. Weerstra requested the waiver because their intent for said lot was to seek formal consolidation through the Archuleta County process in order to increase the current parcel size and not to build a house on the lot; thereby, addressing the intent of the Resolution which was to avoid allowing customers to circumvent paying availability fees through lot combination. A motion was made by Director Vega and seconded by Chairman Hartvigsen that the request of Mr. Finney and Mr. Weerstra contained in the letter to the District dated May 25, 2011 be granted in accordance with the terms therein with the 90 day deadline to begin as of June 14, 2011. The motion passed unanimously.

Consideration of Continued Funding of Cloud Seeding Program

The Board reviewed materials regarding the cloud seeding program provided by Western Weather Consultants LLC (copy attached). The Directors requested District Manager, Ed Winton, query Western Weather Consultants LLC regarding the potential for carry over funds from winter seasons during which seeding operations do not take place, how the contribution percentages were determined, and to postpone a decision on the item until these questions could be adequately answered.

Consideration of Resolution 2011 – 7 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2011

The Board considered Resolution 2011 – 7 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2011 (copy attached), which changed the meeting schedule from two Regular Meetings per month to one Regular Meeting on the second Tuesday of each month and a Work Session on the fourth Tuesday of each month. A motion was made by Director Bunch and seconded by Director Clinkenbeard to adopt Resolution 2011 – 7 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2011. The motion passed unanimously.

Discussion Regarding Remaining Funds Available from Colorado Water Conservation Board

The Board discussed the remaining funds available from Colorado Water Conservation Board. Director Vega suggested the SJWCD, as the more appropriate entity, assume the additional debt necessary to complete the Dry Gulch Reservoir Project site. Director Bunch reminded the Board of the decision to delay acquiring more land for the project site in order to wait for the settlement with Trout Unlimited to be approved by Division 7 Water Court Judge, Gregory Lyman, and that he was reluctant to hinder any potential opportunities for marketability of the project in the future. Director Chacey opined the project would be considerably more marketable as a complete reservoir site, and that a vote has never been put to the PAWSD constituency regarding the Dry Gulch Reservoir project, which leaves the possibility that the community could approve moving forward with the project. Chairman Hartvigsen stated that if there was still energy in the community to move forward with the project then he could support acquiring more property, but was hesitant to assume more debt if this project did not have that support. Director Clinkenbeard stated that SJWCD has a great incentive to ensure this project is completed and that Director Chacey, as a member of both Boards, ought to take this message back to SJWCD for consideration.

Other Business

Shellie Peterson reminded the Board of the Audit Committee meeting to review the Compilation Financial Statements occurring at 2:00 p.m. on June 20, 2011 in the PAWSD conference room and of the presentation by CCOERA regarding employee retirement plans at 10:00 a.m. on June 23, 2011 at the Technology Suite in the Aspen Village complex. Special Projects Manager, Renee Lewis, called to the Board's attention the letter (copy attached) from the Mayor of the Town of Pagosa Springs, Colorado regarding the recent PAWSD Board decision to begin charging the Town for its water usage, and that staff is working on developing the best method for billing the Town accounts.

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

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, July 12, 2011, at 6:30 p.m. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 6/14/11 Regular Meeting
 - Water Loss Update
 - PDPA Report
 - CDARS Investment Update
3. Public Comment
4. Discussion Regarding Water Service Request, Joe Lister, Jr.
5. Approval of Letter to Town of Pagosa Springs Requesting Approval of Water Right Conveyance to San Juan Water Conservancy District
6. Approval of District Manager’s Revised Employee Evaluation System
7. Ratify Board Agreement to Offer Billing Deferment until January 1, 2012 to Town of Pagosa Springs for Water Usage
8. Review of Revised PAWSD Rules & Regulations
9. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JULY 12, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, Gene Tautges, and Renee Lewis. Also present were: Lindsay Bright, Joe Lister, Jr., Janet Santopietro, and John Ramberg.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:33 p.m. on July 12, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the June 14, 2011 Regular Meeting, Water Loss Update, PDPA Report, and the CDARS Investment Update. District Manager, Ed Winton, reported the water loss percentage for the month of June 2011 to be 16%, down from 28% for the month of May 2011. Assistant Manager, Shellie Peterson, provided the May 2011 PDPA Report stating that Bank of The San Juans was collateralized at 1.05%, Citizens Bank was collateralized at 1.26%, and First Southwest Bank was collateralized at 1.33%. She also provided the CDARS Investment Update stating that as directed by the Board during the June 14, 2011 Regular Meeting \$4,000,000.00 has been placed in the CDARS CD placement program at .50% APY in increments of \$250,000.00, which would be fully FDIC insured, and that an additional \$4,028,617.00 was invested in CDs with the Bank of The San Juans at .75% APY. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Consent Agenda. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. No comments were offered.

Discussion Regarding Water Service Request, Joe Lister, Jr.

Joe Lister, Jr. appeared in person to request from the Board water service at a lower than current rate based on his claim that he was erroneously denied water service many years ago. Following a lengthy discussion, a motion was made by Director Clinkenbeard and seconded by Director Bunch that due to Mr. Lister's inability to produce any evidence to support his claim that he was erroneously denied water service in the past that he be charged the fees that are in place at the time of connection as any other customer in the District that requests water service. The motion passed unanimously. A motion was made by Chairman Hartvigsen and seconded by Director Vega to allow Mr. Lister to pay only the fees that were in place at the time he was allegedly denied water service, if he was able to present to the Board evidence that such denial had actually occurred. The motion failed 2-3 with Chairman Hartvigsen and Director Vega in favor.

Approval of Letter to Town of Pagosa Springs Requesting Approval of Water Right Conveyance to San Juan Water Conservancy District

The Board reviewed the letter to Town of Pagosa Springs requesting approval of a water right conveyance to San Juan Water Conservancy District (copy attached). A motion was made by Director Bunch and seconded by Director Chacey to approve the letter to Town of Pagosa Springs requesting approval of a water right conveyance to San Juan Water Conservancy District. The motion passed unanimously.

Approval of District Manager's Revised Employee Evaluation System

The Board reviewed Ed Winton's revised Employee Evaluation System (copy attached) and directed him to complete the related job descriptions and salary scales and to re-present the revised Employee Evaluation System as a total package to the Board if an amendment to the Personnel Handbook was determined to be required.

Ratify Board Agreement to Offer Billing Deferment until January 1, 2012 to Town of Pagosa Springs for Water Usage

Following a discussion regarding how to bill the Town of Pagosa Springs for the amount deferred from June 1, 2011 to the regular billing cycle of January 2012, a motion was made by Director Bunch and seconded by Director Clinkenbeard to allow the Town of Pagosa Springs' payments to be deferred starting June 1, 2011 until the regular billing cycle of January 2012 and, unless the Town requests further assistance, all payments, current and past, will be due the regular billing cycle of January 2012 without incurring any late fees, which is applicable to the deferment period only. The motion passed 4-1 with Chairman Hartvigsen opposed.

Review of Revised Rules & Regulations

This item was tabled for the July 26, 2012 Work Session.

Other Business

The Directors agreed to call a Special Meeting for July 26, 2011 at 6:30 p.m. for the purposes of reviewing and approving the PAWSD 2010 audited financial statements. The regularly scheduled Work Session for that date will begin immediately following the Special Meeting at 7:00 p.m. Ed Winton requested the Board's approval to change the vesting of employee retirement benefits from 10 years to 5 years as was discussed by the Board at the June 28, 2011 Work Session. A motion was made by Director Bunch and seconded by Director Chacey to approve the request by Ed Winton to change the vesting of employee retirement benefits from 10 years to 5 years. The motion passed unanimously.

Director Vega called to the attention of the Board a letter from Ed Simpson (copy attached) regarding his satisfaction with recent actions and decisions by PAWSD management and staff. Lastly, Special Projects Manager, Renee Lewis presented to the Board a request from the Archuleta County Fair for a cash donation for this year's fair (copy attached). In denying the request, Director Bunch reminded staff of the Board's opinion that as representatives of the rate and tax payers of the District the Board does not have the authority to make donations of this kind on their behalf.

There being no further business to come before the Board, the meeting was adjourned at 8:37 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 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 Tuesday, July 26, 2011 at 6:30 p.m. and 7:00 p.m., respectively. The Special Meeting and Work Session will be held at the District Office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The Proposed Agenda is as follows:

Special Meeting 6:30 p.m.

1. Presentation and Approval of 2010 Audited Financial Statements, Wall, Smith, Bateman & Associates, Inc.

Work Session 7:00 p.m.

1. Review of Request for Inclusion, Mill Creek Property Owners Association
2. Review of Revisions to Pagosa Area Water and Sanitation Rules & Regulations
3. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JULY 26, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, and Renee Lewis. Also present were: Lindsay Bright, John Ramberg, Karla Willschau, and Kristi Cortez.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:34 p.m. on July 26, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District (SJWCD). The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

2010 Audited Financial Statements – Wall, Smith, Bateman & Associates, Inc.

Karla Willschau and Kristie Cortez of Wall, Smith, Bateman & Associates, Inc. presented the 2010 Audited Financial Statements (copy attached). Ms. Willschau reviewed the different components of the audit, highlighting the letter from her firm explaining the responsibility of the independent auditor, management's discussion and analysis, the financial statements, and the Schedule of Expenditures of Federal Awards (single audit letter). She stated that one of the unique characteristics of the PAWSD financial statements is the complexity, which includes the District's receipt of federal stimulus money that required it be subject to the single audit law. Ms. Willschau presented the audit with an unqualified opinion as the financial statements have no material weaknesses or significant deficiencies. She credited the unqualified opinion to the efforts of PAWSD Assistant Manager, Shellie Peterson, and Karla Clark, C.P.A. After further questions and responses from Ms. Willschau confirming the good condition of the District's accounting records and internal procedures, a motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the 2010 Audited Financial Statements as presented. The motion passed unanimously.

Other Business

Special Projects Manager, Renee Lewis, presented to the Board Resolution 2011 – 8 – Resolution to Amend the Pagosa Area Water and Sanitation District Colorado County Officials and Employee

Retirement Association Participation Agreement Vesting Benefit (copy attached), which changes the employee retirement vesting benefit from 10 years to 5 years. Following review, a motion was made by Director Bunch and seconded by Director Clinkenbeard to adopt Resolution 2011 – 8 – Resolution to Amend the Pagosa Area Water and Sanitation District Colorado County Officials and Employee Retirement Association Participation Agreement Vesting Benefit. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 6:57 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a Regular Meeting and Public Hearing of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, August 9, 2011, at 6:30 p.m. The Regular Meeting and Public Hearing will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 7/12/11 Regular Meeting and 7/26/11 Special Meeting
 - Water Loss Update
 - Hatcher Water Treatment Plant Update
 - PDPA Report
3. Public Comment
4. 7:00 p.m. – Public Hearing on Amended 2011 Budget
5. Consideration of Request for Leak Rate – Mr. Alan Powdermaker
6. Consideration of Request to Extend Temporary Waiver of Back Availability Fees – Raymond Finney and Ian Weerstra
7. Consideration of Cloud Seeding Program Participation – Larry Hjermstad, Western Weather Consultants LLC
8. Approval of Initial Destruction Inventory According to Records Retention Policy
9. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
AUGUST 9, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Jan Clinkenbeard, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, Kyle Tjelmeland, and Renee Lewis. Also present were: Lindsay Bright, Larry Hjermstad, Mike Hjermstad, Eric Hjermstad, and Alan Powdermaker.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Vice-Chairman Allan Bunch at 6:34 p.m. on August 9, 2011. A motion was made by Director Vega and seconded by Director Clinkenbeard to excuse Chairman Steve Hartvigsen and Director Windsor Chacey as they had called to state that they would be unable to attend the meeting. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the July 12, 2011 Regular Meeting and July 26, 2011 Special Meeting, Water Loss Update, Hatcher Water Treatment Plant Update, and PDPA Report. District Manager, Ed Winton, reported the water loss percentage for the month of July 2011 to be 10%, down from 16% for the month of June 2011. Mr. Winton also reported the new Hatcher Water Treatment Plant is in the final testing stages and the Certificate of Occupancy is expected to be issued within the next week. Assistant Manager, Shellie Peterson, provided the June 2011 PDPA Report stating that while it would appear from this report that Citizens Bank was under collateralized during June, she had confirmed with Patricia Tackett of Citizens Bank that its reported highest day aggregate included the District's CDs that matured on June 10, 2011 and its collateralization at the end of the month had been adjusted to reflect those funds no longer being held at Citizens Bank. The District currently has no PDPA funds at Citizens Bank. Mrs. Peterson also reported that Bank of the San Juans was collateralized at 1.07% for the month of June 2011. A motion was made by Director Vega and seconded by Director Clinkenbeard to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Vice-Chairman Bunch opened the meeting to public comment. No comments were offered.

Consideration of Cloud Seeding Program Participation – Larry Hjermstad, Western Weather Consultants LLC

Vice-Chairman Bunch provided for an amendment to the Agenda as there was time available prior to the Public Hearing scheduled for 7:00 p.m. Therefore, Larry Hjermstad was able to present the Western Weather Consultants LLC Cloud Seeding Program (copy attached). Mr. Hjermstad explained that primarily due to the increase in the price for silver iodide the cost of the program had increased approximately 35% from 2010.

The discussion was suspended until after the Public Hearing.

Public Hearing on Amended 2011 Budget

Vice-Chairman Bunch opened the Public Hearing on the Amended 2011 Budget at 7:04 p.m. Shellie Peterson presented the Amended 2011 Budget (copy attached). She stated the amendment is primarily due to a number of additional expenditures related to the early retirement of the 1998 Revenue Bond Issue and the Cityworks program. A motion was made by Director Vega and seconded by Director Clinkenbeard to adopt Resolution 2011 – 9 – Resolution to Amend 2011 Budget. The motion passed unanimously. The Public Hearing closed at 7:24 p.m.

(Continued): Consideration of Cloud Seeding Program Participation – Larry Hjermstad, Western Weather Consultants LLC

The Board's consideration of participating in the Cloud Seeding Program resumed. Following a lengthy discussion regarding the costs and specifics of the program, a motion was made by Director Vega and seconded by Director Clinkenbeard to maintain the level of funding for the PAWSD 2012 Budget for the weather modification program as it was for the 2011 Budget, \$5,200.00, for preliminary budget planning purposes. The motion passed unanimously.

Consideration of Request for Leak Rate – Mr. Alan Powdermaker

The Board considered the written and in-person request for a leak/reduced rate from Mr. Alan Powdermaker that stemmed from a high water consumption event caused by property management error (copy attached). Mr. Powdermaker stated to the Board that while the event occurred because his property manager left the hose on for an extended period of time, he was requesting a discounted bill due to the extenuating circumstances and because PAWSD staff had misquoted the billing amount estimate for the leak event. Following discussion, a motion was made by Director Clinkenbeard and seconded by Director Vega to table this item until the next Regular Meeting when staff can provide more information as to the billing amount. The motion passed 2-1 with Vice-Chairman Bunch opposed.

Consideration of Request to Extend Temporary Waiver of Back Availability Fees – Mr. Raymond Finney and Mr. Ian Weerstra

The Board considered the written request from Mr. Raymond Finney and Mr. Ian Weerstra to extend the temporary waiver of back Availability Fees granted for 90 days at the June 14, 2011 Regular Meeting due to legal review by the Pagosa Lakes Property Owners Association (PLPOA) (copy attached). The Board

directed Ed Winton to contact the manager of the PLPOA to inquire about the current status of Mr. Finney and Mr. Weerstra's request. A motion was made by Director Clinkenbeard and seconded by Director Vega to table this item until the next Regular Meeting when Ed Winton might be able to provide more information. The motion passed unanimously.

Approval of Initial Destruction Inventory According to Records Retention Policy

The Board considered the Initial Destruction Inventory according to the Records Retention Policy (copy attached). Shellie Peterson presented to the Board the Initial Destruction Inventory according to the Record Retention Policy stating this initial destruction was so large that in order for it to be accomplished efficiently a professional records destruction firm would need to be engaged. She had made arrangements for this service to be completed over the next month. A motion was made by Director Vega and seconded by Director Clinkenbeard to approve the Initial Destruction Inventory according to the Records Retention Policy. The motion passed unanimously.

Other Business

The Board considered a letter from Ms. Pam Morrow regarding her dissatisfaction with her water quality during the time period of July 28 – July 30, 2011 stating that it had a "foul taste." Director Vega inquired about staff's response to this letter and Ed Winton replied that while staff has not yet contacted this customer, it has reviewed the records for the time in question and was unable to find a potential cause for the dissatisfaction in water quality. Director Vega also brought to the attention of the Board an article provided in the WIN Colorado Newsletter regarding the recent raw sewage discharge into the river in Durango, Colorado stating that when compared to the PAWSD boil water advisory in June 2011, PAWSD staff was better prepared than Durango's staff. Mr. Winton provided an update on his conversation with Town of Pagosa Springs Manager, David Mitchem, regarding potentially using PAWSD wastewater treatment plant to treat the Town's wastewater in lieu of building a new wastewater treatment plant in town. The Board directed Mr. Winton to continue discussions with the Town and perhaps schedule a joint meeting between the Town Council and the PAWSD Board. Lastly, GIS/Asset Management Coordinator, Kyle Tjelmeland, provided an update on the Cityworks project stating that he is still in negotiations with the other governmental entities in the area regarding participation in Cityworks.

There being no further business to come before the Board, the meeting was adjourned at 9:04 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, September 13, 2011, at 6:30 p.m. The Board of Directors may enter into executive session for the purposes of discussion of matters subject to negotiation, including Court Case 04CW85, pursuant to Section 24-6-402(4)(e), C.R.S. and for a conference with the District's attorney for the purposes of receiving legal advice on specific legal questions pursuant to Section 24-6-402(4)(b), C.R.S. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 8/9/11 Regular Meeting
 - Water Loss Update
 - Projects Update
 - Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update
 - PDPA Report
3. Public Comment
4. Consideration of Request for Leak Rate – Mr. Alan Powdermaker
5. Consideration of Request to Extend Temporary Waiver of Back Availability Fees – Raymond Finney and Ian Weerstra
6. Executive Session Pursuant to Sections as Described Above
7. Return to Open Session
8. Ratify Board Agreement Regarding Request from Mrs. Lee Collins
9. Approve Revised PAWSD Salary Policy
10. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 13, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, Mat deGraaf, and Renee Lewis. Also present were: Lindsay Bright, Jodie Blankenship, and Jim Class.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:30 p.m. on September 13, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the August 9, 2011 Regular Meeting, Water Loss Update, Projects Update, Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update, and the PDPA Report. District Manager, Ed Winton, reported the water loss for the month of August to be 23% and for a change to be made in the July Water Loss Update to read 17% instead of 10% as was reported earlier. This change to the July update was due to an error found in the Fire Department's hydrant flushing worksheet. Mr. Winton provided the Board with an update on his explorations with the Town of Pagosa Springs regarding treating its wastewater at the PAWSD Vista Wastewater Treatment Plant in stating that the explorations were proceeding forward and he requests direction to send a letter to the Town Council reinforcing PAWSD Board of Directors' intention to continue with such negotiations and to schedule a joint meeting. Director of Business Services, Shellie Peterson, provided the July 2011 PDPA Report in stating that Bank of the San Juans was collateralized at 1.14%. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Mr. Jim Class requested in person that the Board consider waving any delinquent fees owed to PAWSD that had been previously certified on three vacant lots he had recently purchased through the County's auction process. The Board explained that while it understands the difficult situation that Mr. Class has been presented with, it has only known of this issue for a short period of time and has not been able to receive the legal advice necessary to make a decision at this time. The Board assured Mr. Class that any delay in its decision making would not negatively impact his accounts.

Consideration of Request for Leak Rate – Mr. Alan Powdermaker

The Board considered a request for a leak rate from Mr. Alan Powdermaker (copy attached). This item was tabled at the August 9, 2011 Regular Meeting pending more information from staff regarding the difference between the billing estimate provided to Mr. Powdermaker on June 10, 2011 and his final bill. Following a lengthy discussion with PAWSD Water Conservation Coordinator, Mat deGraaf, regarding how he arrived at the erroneous estimate that he provided Mr. Powdermaker, a motion was made by Director Clinkenbeard and seconded by Director Bunch to bill Mr. Powdermaker the full amount that is owed on his account. The motion passed 4-1 with Director Vega opposed.

Consideration of Request to Extend Temporary Waiver of Back Availability Fees – Mr. Raymond Finney and Mr. Ian Weerstra

The Board considered a request to extend the temporary waiver of back availability fees granted in June 2011 to Mr. Raymond Finney and Mr. Ian Weerstra (copy attached). This item was tabled at the August 9, 2011 Regular Meeting pending more information from staff regarding the process status of the lot consolidation. A motion was made by Director Bunch and seconded by Director Vega to extend the temporary waiver of back availability fees for 60 days to allow for Mr. Finney and Mr. Weerstra to complete the lot consolidation process. The motion passed unanimously.

Ratify Board Agreement Regarding Request from Mrs. Lee Collins

Mrs. Lee Collins' account was assessed a Capital Investment Fee in the amount of \$1329.00, per the District's Rules and Regulations, § 10.14.1, because it was discovered by PAWSD field staff that she had an additional living unit above her garage that was not originally recorded with the District. Mrs. Collins had submitted to the Board a request to waive the \$1329.00 due to financial hardship (copy attached). As the Board had reviewed and discussed said request from Mrs. Collins during the August 23, 2011 Work Session, a motion was made by Director Vega and seconded by Director Clinkenbeard to ratify the Board's agreement on August 23, 2011 to offer Mrs. Collins a payment arrangement for the additional .5 Equivalent Unit assessed, or as an alternative she could pay to have a new meter installed for this additional living unit on her property. The motion passed unanimously.

Approval of Revised PAWSD Salary Policy

As the Revised PAWSD Salary Policy (copy attached) was presented and reviewed during the August 23, 2011 Work Session, Ed Winton summarized the policy as providing increased advancement expectations for employees while decreasing the level of subjectivity applied by management. The revised policy also allows for increased on-going rewards for documented employee improvement and increased transparency for employees in the overall career development process. The policy also continues to provide the Board with the authorization for Cost of Living Adjustment increases and overall yearly wage/salary increases. A motion was made by Director Chacey and seconded by Director Bunch to approve the Revised PAWSD Salary Policy as amended above effective immediately. The motion passed unanimously.

Executive Session Pursuant to Section 24-6-402(4)(b) and 24-6-402(4)(e)

A motion was made by Director Bunch and seconded by Director Clinkenbeard to enter into Executive Session at 8:07 p.m. for the purposes of discussion of matters subject to negotiation, including Court

Case 04CW85, pursuant to Section 24-6-402(4)(e), C.R.S. and for a teleconference with the District's attorney, Evan Ela, for the purposes of receiving legal advice on specific legal questions regarding water rights pursuant to Section 24-6-402(4)(b), C.R.S. The motion passed unanimously.

Return to Open Session

The Board returned to open session at 9:50 p.m. Upon returning to open session, a motion was made by Director Bunch and seconded by Director Chacey to adopt Resolution 2011-10 – Resolution Affirming Pagosa Area Water and Sanitation District's Intent to Seek Changes In Point of Diversion and Places of Storage For Certain Water Rights, and Directing The Filing of An Application Seeking Judicial Confirmation of Same By The Water Court, and All Related Actions. The motion passed unanimously.

Other Business

A motion was made by Director Vega and seconded by Director Bunch to call a Special Meeting on October 25, 2011 at 6:30 p.m. for the purposes of a public hearing on certification of delinquent accounts to the County Treasurer. The motion passed unanimously. Special Projects Manager, Renee Lewis, reminded the Directors that Water Information Project's Water 101 class is scheduled for October 7, 2011 at the Pagosa Springs Community Center and to notify her if any member of the Board wishes to attend.

There being no further business to come before the Board, the meeting was adjourned at 10:07 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Tuesday, October 11, 2011, at 6:30 p.m. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 9/13/11 Regular Meeting
 - Water Loss Update
 - Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update
 - PDPA Report
3. Public Comment
4. Consideration of Continuing with the Current Process to Certify Delinquent Accounts to the Archuleta County Treasurer
5. Consideration of Resolution 2011 – 11 – Resolution to Adopt a Media and Communications Policy
6. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
OCTOBER 11, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, and Renee Lewis. Also present were: Lindsay Bright, Bill Hudson, and Glenn Walsh.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order at 6:31 p.m. on October 11, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the September 13, 2011 Regular Meeting, Water Loss Update, Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update, and the PDPA/Investment Report. Director Clinkenbeard suggested the words "negotiations" in regards to the conversations being had between PAWSD and the Town of Pagosa Springs pertaining to PAWSD treating the Town's wastewater be changed to "explorations" as it better represents the nature of said conversations. District Manager, Ed Winton, reported the water loss for the month of September to be 30%. This percentage is up from 23% for the month of August and Mr. Winton attributed this increase potentially to hydraulics because the District's field staff continues to look for leaks, exercise valves, implement acoustical equipment, and model for pressure reducing valve use in strategic areas. Mr. Winton also provided the Board with an update on the PAWSD offer to the Town of Pagosa Springs to treat its wastewater in stating that parties are now reviewing three options that include the Town incurring all costs for PAWSD to treat its wastewater, PAWSD including the entire existing Town wastewater system into its system, and the Town and PAWSD splitting the cost for PAWSD to treat the Town's wastewater in lieu of the Town building its own new wastewater treatment plant. Director of Business Services, Shellie Peterson, provided the August 2011 PDPA Report in stating that Bank of the San Juans was collateralized at 1.07% and the Investment Report. A motion was made by Director Clinkenbeard and seconded by Director Chacey to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Bill Hudson expressed his satisfaction with current decisions made by the Board.

Consideration of Continuing with the Current Process to Certify Delinquent Accounts to the Archuleta County Treasurer

The Board considered continuing with the current process to certify delinquent accounts to the Archuleta County Treasurer. This item was tabled for the October 28, 2011 Special Meeting/Public Hearing pending the results of further research on alternative means of debt collection being conducted by Shellie Peterson. Mrs. Peterson was directed to continue with that research and report those findings to the Board at the next Work Session. The Board also considered whether to honor the language in the Treasurer's Deeds issued following the August 23, 2011 Treasurer's Deed Sale, which stated that all properties sold are free and clear of any liens or encumbrances. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to honor the language in the Treasurer's Deeds issued following the August 23, 2011 Treasurer's Deed Sale, which stated that all properties sold are free and clear of any liens or encumbrances; thereby, granting Mr. Jim Class' request during the September 13, 2011 Regular Meeting. The motion passed unanimously. Given that action, Shellie Peterson sought direction to remove from the District's Accounts Receivables the amounts forgiven by the County through their issuance of Treasurer's Deeds at the August 23, 2011 sale, free and clear of any liens or encumbrances, noting that the amount could include as much as \$7,802.91 pending verification of properties sold in that manner. Direction was so given by consensus of the Board.

Consideration of Resolution 2011 – 11 – Resolution to Adopt a Media and Communications Policy

The Board considered Resolution 2011 – 11 – Resolution to Adopt a Media and Communications Policy. Following a lengthy discussion, a motion was made by Director Vega and seconded by Chairman Hartvigsen to table this item for the November 8, 2011 Regular Meeting in order to review revisions suggested by the Board. The motion passed unanimously.

Other Business

Shellie Peterson provided the Board with copies of the draft Budget for 2012 to satisfy the statutory deadline of October 15, 2011. Director Chacey provided the Board with copies of the Southwest Land Alliance Conservation Easement Transaction Fee Agreement and related correspondence for review and discussion at the November 8, 2011 Regular Meeting.

There being no further business to come before the Board, the meeting was adjourned at 9:21 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE IS HEREBY GIVEN that a Special Meeting and Public Hearing of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) have been scheduled for Friday, October 28, 2011, at 12:00 p.m. The Special 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. 12:00 p.m. Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer
 - a) Report on Alternative Collection Procedures
 - b) Report on Archuleta County Certification Procedures
 - c) Consideration of Letters of Request Received
 - d) Consideration of Resolution to Certify Delinquent Accounts
2. Public Comment
3. Establish Public Hearing Date for PAWSD Proposed 2012 Budget
4. Consideration of Recommendation from Audit Committee to Accept Proposal By Ronny Farmer, LLC, for 2011 Audit and Financial Statement Process
5. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
OCTOBER 28, 2011 SPECIAL MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Ed Winton, Shellie Peterson, and Renee Lewis. Also present was: Lindsay Bright.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 12:01 p.m. on October 28, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer

Chairman Hartvigsen opened the Public Hearing – Certification of Delinquent Accounts to County Treasurer at 12:02 p.m.

a) Report on Alternative Collection Procedures

Business Services Manager, Shellie Peterson, provided a report on alternative collection procedures that included a proposal by Mr. Allen Stokes, Esq. and information regarding a collection service provided for other State agencies by the State of Colorado Division of Finance & Procurement, Central Collections Services (copy attached).

b) Report on Archuleta County Certification Procedures

Mrs. Peterson also provided a report on Archuleta County Certification Procedures (copy attached) in stating that while the County Treasurer may issue Treasurer's Deeds on properties in the future that were previously certified by PAWSD, she would strongly recommend certifying delinquent accounts to the County Treasurer for 2011 and to continue to research and qualify cooperative efforts between the County and PAWSD to work toward a reasonable solution. This recommendation comes following a productive meeting Mrs. Peterson recently had with the County Treasurer. A motion was made by Director Bunch and seconded by Director Vega that due to the current uncertainty of the certification process, PAWSD should begin using Central Collections Services on all new delinquent accounts; if possible, transfer all previously certified amounts to Central Collections Services; or, pursue answers as

to the potential administrative costs of “de-certifying” said amounts and whether Central Collections Services would then collect on the amounts. The motion passed unanimously.

c) Consideration of Letters of Request Received

The Board considered five letters requesting delayed posting of the \$100.00 Certification Fee (copy attached). Due to circumstances beyond the control of each account holder, the accounts were not able to be brought current by the certification deadline of 12:00 p.m. on October 28, 2011. Mrs. Peterson explained the unique circumstances of each letter. The Board directed staff to accept payment on current amounts owed on Mr. David Webster’s account despite being a certified account because of an error on the part of the Archuleta County Treasurer. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to extend the deadline for certification to November 15, 2011 for the remaining four accounts with the understanding that in the event payments are not made by said date, the Certification Fee of \$100.00 will be applied. The motion passed unanimously.

The Board also considered a request by Ms. Margie Hollingsworth to waive a portion of delinquent amounts owed due to financial hardship (copy attached). Mrs. Peterson explained that staff had been working with Ms. Hollingsworth to establish a reasonable payment schedule, but that no offers had been accepted. Following a lengthy discussion, a motion was made by Director Bunch and seconded by Director Vega to deny the request. The motion passed unanimously.

d) Consideration of Resolution to Certify Delinquent Accounts

The Board considered Resolution 2011 – 12 – Resolution to Certify Delinquent Accounts to County Treasurer (copy attached). A motion was made by Director Vega and seconded by Director Bunch to adopt Resolution 2011 – 12 – Resolution to Certify Delinquent Accounts to County Treasurer with Exhibit A of Resolution 2011 – 12 amended as provided above. The motion passed unanimously.

Chairman Hartvigsen closed the Public Hearing regarding certification of delinquent accounts to the Archuleta County Treasurer at 1:36 p.m.

Public Comment

Chairman Hartvigsen opened the meeting for public comment. No comments were offered.

Establish Public Hearing Date for PAWSD Proposed 2012 Budget

The Board considered scheduling a public hearing date for PAWSD Proposed 2012 Budget. Director Bunch expressed his desire to meet as a full Board prior to the Public Hearing. The Board scheduled a Work Session to discuss the Proposed 2012 Budget for November 4, 2011 at 4:00 p.m. The Board scheduled the Public Hearing for the Proposed 2012 Budget to be November 8, 2011 at 7:00 p.m.

Consideration of Recommendation from Audit Committee to Accept Proposal by Ronny Farmer, LLC, for 2011 Audit and Financial Statement Process

The Board considered the recommendation from the Audit Committee to accept the proposal by Ronny Farmer, LLC, for the 2011 audit and financial statement process (copy attached). A motion was made by Director Bunch and seconded by Director Vega to accept the recommendation of the Audit Committee as

this service is available as an alternative to the current service employed at a considerably lower proposed cost. The motion passed unanimously.

Other Business

Ed Winton provided to the Board a letter to the Town of Pagosa Springs that expressed the Board's support of recent staff discussions regarding PAWSD treating the Town's wastewater (copy attached). The Directors agreed they would all like to read over the letter and would provide Mr. Winton with their comments. At such time as all comments were received, Mr. Winton would conduct a phone poll regarding the Board's approval to send the letter to the Town of Pagosa Springs.

There being no further business to come before the Board, the meeting was adjourned at 2:30 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting and Public Hearing of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, November 8, 2011, at 6:30 p.m. The Regular Meeting and Public Hearing will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 10/11/11 Regular Meeting
 - Water Loss Update
 - Projects Update
 - Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update
 - PDPA Report
 - Financial Report
3. Public Comment
4. 7:00 p.m. Public Hearing – Consideration of Proposed 2012 Budget
5. Consideration of Request for Leak Rate – Mr. Paul Hansen
6. Consideration of Resolution 2011 – 11 – Resolution to Adopt a Media and Communications Policy
7. Consideration of State of Colorado Central Collection Services Agreement
8. Consideration of Letter of Engagement from Ronny Farmer, LLC for 2011 Audit Services
9. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
NOVEMBER 8, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

In attendance from staff: Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present were: Lindsay Bright, Mark Weiler, Mike Church, and Paul Hansen.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:34 p.m. on November 8, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the October 11, 2011 Regular Meeting, Water Loss Update, Projects Update, Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs (TOPS) Update, PDPA Report, and Financial Report. Director Vega suggested the word "release" be changed to "reducing" in reference to the pressure-reducing valve as it more correctly refers to the mechanism being explored to reduce the water-loss percentage. Business Services Manager, Shellie Peterson, reported the water loss for the month of October to be 32%. While she had hoped that a recent leak discovered in the Highlands Lagoon area would have lowered the water-loss percentage, it actually increased by 2% from September calculations. Projects Manager, Gregg Mayo, provided the Wastewater Treatment Offer of PAWSD to TOPS Update in stating that he and District Superintendent, Art Holloman, had met with the TOPS committee assigned to discuss the PAWSD offer to treat the TOPS wastewater and that it was a productive meeting. Two additional meetings had been scheduled and the TOPS committee would meet with the Town Council on November 17, 2011 to present the committee's recommendations. Committee member, Mark Weiler, expressed to the Board that a 20 year amortization schedule was critical to the financial viability of the project for TOPS. The Board directed Mrs. Peterson to engage Fernando Aranda to assist her in exercising the PAWSD Wastewater Financial Plan, after updating 2011 and budgeted 2012 income and expenses, to determine the impact of the option being considered to the Financial Plan and the current wastewater customers as it was not considered earlier in the year when the Financial Plan was developed. Mrs. Peterson provided the PDPA Report in stating that Bank of the San Juans was collateralized at 1.08% and the Financial Report. The Board directed Mrs. Peterson to provide the monthly PDPA Reports to the

District Treasurer; thus, removing it from the Regular Meeting Consent Agenda. A motion was made by Director Bunch and seconded by Director Clinkenbeard to approve the Consent Agenda as amended above.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. No comments were offered.

Consideration of Request for Leak Rate – Paul Hansen

Due to the late hour, Chairman Hartvigsen suggested the Agenda be amended to allow Mr. Paul Hansen to present his request prior to the Public Hearing – Consideration of Proposed 2012 Budget. With no objections from the other Directors or the audience, the Board considered Mr. Hansen's request for a leak rate or waiver of fees related to a leak event that occurred on his property. The Directors agreed that because the leak occurred due to an outside spigot being left to run and not on the service line, the leak did not qualify for a leak rate. Also, the Directors agreed that because it is the Board's duty to treat all fee waiver requests consistently and it does not generally waive fees that Mr. Hansen's waiver request would also be denied. Shellie Peterson stated that staff would be available to Mr. Hansen to confirm that he received a partial refund of Water Resource Fee paid as many of PAWSD customers did in 2010 and 2011, reevaluate the number of Equivalent Units assigned to his accounts, and work with him to establish a reasonable payment schedule. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to deny the Mr. Hansen's request. The motion passed unanimously.

Public Hearing – Consideration of Proposed 2012 Budget

Chairman Hartvigsen opened the Public Hearing – Consideration of Proposed 2012 Budget at 8:22 p.m.

The Board considered the PAWSD Proposed 2012 Budget (copy attached). Shellie Peterson presented the Proposed 2012 Budget to the Board and the public in stating she had prepared the materials in the format that had been used in the past and as is required by the State, in a multiple fund approach. An additional presentation in an operating income and expenses format was also provided. She stated the most significant changes from the previous drafts provided were due to increased estimates of natural gas and electricity costs, revisions to reflect Board direction for 2011 step increases, and an increased allowance for uncertain accounts. The Board directed staff to provide the Proposed 2012 Budget to any member of the public that requested it.

Chairman Hartvigsen closed the Public Hearing – Consideration of Proposed 2012 Budget at 9:02 p.m.

Consideration of Resolution 2011 – 11 – Resolution to Adopt a Media and Communications Policy

The Board considered Resolution 2011 – 11 – Resolution to Adopt a Media and Communication Policy (copy attached). A motion was made by Director Vega and seconded by Director Bunch to adopt the revised Resolution 2011 – 11 – Resolution to Adopt a Media and Communication Policy as it adequately incorporated all of the revisions requested during the October 11, 2011 Regular Meeting. The motion passed unanimously.

Consideration of State of Colorado Central Collection Services Agreement

The Board considered the State of Colorado Central Collection Services Agreement (copy attached). Shellie Peterson presented the Central Collection Services Agreement and research conducted on the

service as was previously directed in stating the representative of Central Collections Services recommends pursuing the “de-certification” of, or “election to recall” the certified amounts prior to placing these accounts with the State. A motion was made by Director Bunch and seconded by Director Chacey to authorize the Chairman to execute the agreement to engage State of Colorado Central Collection Services for the purposes of collecting on delinquent accounts that had not been previously certified. The motion passed unanimously.

Consideration of Letter of Engagement from Ronny Farmer, LLC for 2011 Audit Services

The Board considered the Letter of Engagement from Ronny Farmer, LLC for 2011 Audit Services (copy attached). A motion was made by Director Bunch and seconded by Director Clinkenbeard to authorize Shellie Peterson to sign the Letter of Engagement from Ronny Farmer, LLC for 2011 Audit Services as it had been reviewed and recommended by the Audit Committee. The motion passed unanimously.

Other Business

The Directors agreed to cancel the Regular Work Session on November 22, 2011 and to schedule a Work Session for December 2, 2011 at 4:30 p.m. to discuss the outcome of the TOPS Town Council meeting on November 17, 2011; in particular, PAWSD offer to treat TOPS wastewater. A motion was made by Director Vega and seconded by Director Clinkenbeard to schedule an Executive Session pursuant to Section 24-6-402(4)(f), C.R.S. during the next Regular Meeting, December 13, 2011, for the purposes of a performance review of District Manager, Ed Winton. The motion passed unanimously. A motion was made by Director Vega and seconded by Director Bunch to ratify the Board’s agreement on November 4, 2011 to direct staff to inform legal counsel to stipulate to the abandonment of the easement for an infiltration gallery on the south side of the San Juan River across from the District’s San Juan River Diversion Point as requested by J.R. Ford, Alpine Cascade. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 9:30 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting and Public Hearing of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) have been scheduled for Tuesday, December 13, 2011, at 6:30 and 7:00 p.m., respectively. The Board of Directors is expected to enter into Executive Session for the purposes of discussing personnel matters pursuant to Section 24-6-402(4)(f), C.R.S. The Regular Meeting and Public Hearing will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 11/8/11 Regular Meeting
 - Water Loss Update
 - Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update
3. Public Comment
4. 7:00 p.m. Public Hearing – Consideration of Amended 2011 Budget
5. Consideration of Proposed 2012 Budget and Certification of Mill Levies
6. Consideration of Request for Review of Water Service Charges – Mr. Rick Hewitt
7. Consideration of Resolution 2011 – 15 – Resolution to Accept Pall Water Processing and Weaver General Construction Hatcher Water Treatment Plant Constructions
8. Executive Session Pursuant to Section Described Above
9. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
DECEMBER 13, 2011 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present was John Bozek.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:31 p.m. on December 13, 2011.

Disclosure of Potential Conflicts of Interest

Windsor Chacey had previously submitted a Disclosure as a Board Member for the District and as a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that this Disclosure be restated at this time with the intent of fully complying with laws pertaining to potential conflicts of interest.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the November 8, 2011 Regular Meeting, Water Loss Update, and Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update. District Manager, Ed Winton, provided the Water Loss Update in stating the water loss percentage for the month of November was up from the October percentage of 32% to 39%. Mr. Winton stated that he was disappointed by this result because PAWSD field staff had found a couple of large leaks last month and that field staff continues to pursue all possible contributing factors to the water loss percentage. Mr. Winton and Projects Manager, Gregg Mayo, provided the Wastewater Treatment Offer of PAWSD to Town of Pagosa Springs Update in stating the Town Committee assigned to explore this possible project, PAWSD staff, and attorneys for both parties had reached an agreement on the final draft language for the Intergovernmental Agreement (IGA) and provided the Board with copies of the draft IGA for review and comment. The Directors agreed to meet with the Board of Directors for Pagosa Springs Sanitation General Improvement District (PSSGID) on January 3, 2012 at 5:00 p.m. for a Special Meeting to discuss the draft IGA. Chairman Hartvigsen requested that the second to last sentence of the first paragraph on page 5 of the draft IGA under Construction Phase be changed to read "The Committee shall review the proposals and recommendations of the LPR and make a final recommendation to the Districts' Boards of Directors regarding selection of a Construction Contractor." A

motion was made by Director Bunch and seconded by Chairman Hartvigsen to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. John Bozek asked if the draft IGA would be available to the public prior to its approval by both the PAWSD Board of Directors and the PSSGID Board of Directors. The Directors agreed that in an effort of transparency the draft IGA should be made available to the public prior to its approval. The Board directed staff to ask the Town of Pagosa Springs if it would waive its attorney-client privilege in order for the IGA to be made available to the public prior to its approval. Mr. Bozek also asked if the additional flow to the Vista Wastewater Treatment Plant from the Town of Pagosa Springs would cause additional stress on the plant. Ed Winton stated that at this time the plant is running well under-capacity and the additional flow would actually enable the plant to run more efficiently.

Public Hearing – Consideration of Amended 2011 Budget

Chairman Hartvigsen opened the Public Hearing – Consideration of Amended 2011 Budget at 8:27 p.m.

The Board considered the Amended 2011 Budget, including Resolution – 2011 -13 – Resolution to Amend 2011 Budget (copy attached). Business Services Manager, Shellie Peterson, presented the Amended 2011 Budget in stating that the 2011 Budget needed to be amended to accommodate for the additional construction projects that were able to be completed due to the mild weather and to make the full interest payment on the Colorado Water Conservation Board loan as planned. A motion was made by Director Bunch and seconded by Chairman Hartvigsen to adopt Resolution 2011 – 13 – Resolution to Amend the 2011 Budget for the reasons stated above. The motion passed unanimously.

Chairman Hartvigsen closed the Public Hearing – Consideration of Amended 2011 Budget at 8:31 p.m.

Consideration of Proposed 2012 Budget and Certification of Mill Levies

The Board considered the Proposed 2012 Budget and Certification of Mill Levies, including Resolution 2011 – 14 – Resolution to Adopt the 2012 Budget (copy attached). Shellie Peterson presented the Proposed 2012 Budget and Certification of Mill Levies in stating that the Proposed 2012 Budget had been changed since the November 8, 2011 Public Hearing due to the General Fund property tax revenues being adjusted to reflect the final assessed values from the Archuleta County Assessors Office of \$106,921,755.00 (a decrease of \$52,439.00 from preliminary) for District 1 and \$98,485,839.00 (a decrease of \$38,341.00 from preliminary) for District 2. This decrease in assessed values results in \$394,082.00 less property tax collections to the General Fund based on the operating mill levy for water and wastewater compared to the 2011 Budget. Other changes to the 2012 Budget include: an increase to Board expenses to allow for the costs of the District Board of Directors' Election in 2012, Debt Service Fund was adjusted for a total Mill Levy of 14.128 for District 1 (6.090 Operating, 7.88 Debt Service, and .158 Abatement) and 6.022 for District 2 (1.949 Operating, 4.025 Debt Service, and .048 Abatement) in accordance with the final assessed values and Treasurer's fees were revised accordingly, Water Enterprise Fund revenues were increased for interest from certified accounts to reflect closer to this year's activity, water work in progress was increased by \$30,000.00 to allow for the remaining site work at the new Hatcher Water Treatment Plant, water maintenance costs were increased to reflect the higher fuel costs, Wastewater Enterprise Fund revenues were increased to be more in line with the current year and adjusted for the remaining ARRA funding available, wastewater work in progress for the ARRA

project was adjusted to be the balance of funding available and decreased to reflect the delayed construction at Lift Station 18 offset by pipe replacement, and Vista Wastewater Treatment Plant maintenance costs were increased to reflect the higher fuel costs. A motion was made by Director Bunch and seconded by Chairman Hartvigsen to adopt Resolution 2011 – 14 – Resolution to Adopt the 2012 Budget, to authorize the President to sign all the necessary documents associated with the budget, and to certify the Mill Levies to the Archuleta County Board of County Commissioners (copy attached). The motion passed unanimously.

Consideration of Request for Review of Water Service Charges – Mr. Rick Hewitt

The Board considered the request to review water service charges from Mr. Rick Hewitt. The Directors reviewed Mr. Hewitt's water service charges as he had submitted a written request to do so on November 15, 2011 regarding an abnormally high water usage from July 9, 2011 to July 10, 2011. Mr. Hewitt contends the high usage was due to faulty metering. PAWSD field staff pulled and tested the meter, but no problems were found. A motion was made by Director Bunch and seconded by Chairman Hartvigsen to deny Mr. Hewitt's request to adjust his bill; however, should Mr. Hewitt be able to prove in the future that his meter was actually dysfunctional during the time in question as stated above then he may be eligible for a credit in the amount of the discrepancy between the amount metered and the amount of actual claimed usage. The motion passed 4 to 0 with Director Vega recusing himself because of a potential conflict of interest.

Consideration of Resolution 2011 – 15 – Resolution to Accept Pall Water Processing and Weaver General Construction Hatcher Water Treatment Plant Constructions

The Board considered Resolution 2011 – 15 – Resolution to Accept Pall Water Processing and Weaver General Construction Hatcher Water Treatment Plant Constructions. Director Vega requested the Rules and Regulations, Severability, and Repealer clauses all be removed from the resolution because they were unnecessary. A motion was made by Director Bunch and seconded by Director Clinkenbeard to adopt Resolution 2011 – 15 – Resolution to Accept Pall Water Processing and Weaver General Construction Hatcher Water Treatment Plant Constructions as amended above. The motion passed unanimously.

Executive Session Pursuant to Section 24-6-402(4)(f), C.R.S.

A motion was made by Director Bunch and seconded by Chairman Hartvigsen to enter into Executive Session at 9:11 p.m. for the purposes of discussing personnel matters, pursuant to Section 24-6-402(4)(f), C.R.S. The motion passed unanimously.

Return to Open Session

Upon returning to Open Session at 10:45 p.m., the Board thanked Ed Winton for his work as District Manager during the last nine months.

There being no further business to come before the Board, the meeting was adjourned at 10:47 p.m.

Respectfully submitted,

Windsor Chacey

Secretary/Treasurer