

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, February 7, 2011, at 4:00 p.m. The primary purpose of the Special Meeting is for discussions with the Board of Directors of the San Juan Water Conservancy District on water matters and the development of raw water projects. The Special Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Update Regarding Settlement of Court Case 04CW85
2. Consideration of Alternative Financing/Ownership Dry Gulch Reservoir
 - a) Confirmation of Committee Members
 - b) Development of Action Plan
 - c) Review Draft Letter of Introduction
3. Report Regarding Ownership Percentages - Weber Properties
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

SEAL

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