

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Special Joint Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) and Pagosa Springs Sanitation General Improvement District (PSSGID) has been scheduled for Tuesday, January 3, 2012, at 5:00 p.m. The Special Joint Meeting will be held at Pagosa Springs Town Hall, 551 Hot Springs Blvd., Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Public Comment
3. Consideration of Draft Intergovernmental Agreement between PAWSD and PSSGID to Treat PSSGID Wastewater
4. 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
JANUARY 3, 2012 SPECIAL JOINT MEETING

Attendance

The following Pagosa Area Water and Sanitation District Directors were present: Allan Bunch, Windsor Chacey, Jan Clinkenbeard, Steve Hartvigsen, and Roy Vega.

The following Pagosa Springs Sanitation General Improvement District Directors were present: Ross Aragon, Kathie Lattin, Don Volger, Darrell Cotton, Bob Hart, Stan Holt, and Shari Pierce.

In attendance from staff: Ed Winton, Gregg Mayo, and Renee Lewis. Also present was: John Bozek, Bill Hudson, Lindsay Bight, and Jim McQuiggin.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 4:33 p.m. on January 3, 2012 at the Pagosa Springs Town Hall, 551 Hot Springs Blvd., Pagosa Springs, Colorado.

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 Comment

Chairman Hartvigsen opened the meeting to public comment. John Bozek asked if the Pagosa Springs Sanitation General Improvement District (PSSGID) customers would be paying the same rate as the current PAWSD sewer system customers. District Manager, Ed Winton, responded that while PSSGID would be paying a bulk rate, it is about equal to the amount that PAWSD current sewer system customers pay to treat wastewater. Mr. Bozek also asked if the draft Intergovernmental Agreement (IGA) between PAWSD and PSSGID was going to be released to the public for comment. Chairman Hartvigsen stated that the PAWSD Board had agreed to release the draft IGA to the public during the December 13, 2011 Regular Meeting, but waited out of professional courtesy for a response from PSSGID as to whether it would approve the release. The PSSGID Board provided its permission to release the draft IGA to the public during this Special Joint Meeting of January 3, 2012 and Mr. Winton provided a copy of the draft IGA to Mr. Bozek.

Consideration of Draft Intergovernmental Agreement between PAWSD and PSSGID to Treat PSSGID Wastewater

The Board considered the draft IGA between PAWSD and PSSGID to treat PSSGID wastewater. Directors Chacey and Clinkenbeard both expressed concerns with the draft IGA and the drafting process. A motion was made by Director Vega and seconded by Director Bunch to approve the draft IGA between PAWSD and PSSGID to treat PSSGID wastewater. The motion passed 3-2 with Directors Chacey and Clinkenbeard opposed.

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

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) S.S.
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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, January 10, 2012, 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 – 12/13/11 Regular Meeting
 - Water Loss Update
 - Investment Update
 - Projects Update
3. Public Comment
4. Consideration of Resolution 2012 – 01 – Board of Directors Annual Posting for Meetings
5. Consideration of Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election
6. Consideration of General Obligation Bond Refunding
7. Consideration of Board of Directors Code of Conduct
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
JANUARY 10, 2012 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: Lindsey Bright, Glenn Walsh, Don Diones, John Ramberg, and 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 6:30 p.m. on January 10, 2012.

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.

Consideration of General Obligation Bond Refunding

Chairman Hartvigsen amended the Agenda to accommodate for Mr. Don Diones', George K. Baum & Company, travel schedule. The Board considered General Obligation Bond Refunding and information from two investment banking firms, George K. Baum & Company and PiperJaffray. Shellie Peterson briefly explained the Refunding process and indicated that preliminary projections indicate that as much as \$1 million dollars could be saved over a period of 10 years by going through the Refunding process and reducing the interest rate associated with these General Obligation Bonds. She further indicated that this savings would directly reduce the Debt Service Mill Levy and directly benefit District tax payers. Mr. Diones, also presented in person his firm's offer to assist in the General Obligation Bond Refunding process and answered questions from the Board. Business Services Manager, Shellie Peterson, explained to the Board that she was providing this information and presentation for its conceptual approval, but that she still needed to compare costs, references, etc., prior to making a recommendation between the two firms. The Board directed Mrs. Peterson to continue researching this process and return to the Board for final approval of engagement either by phone poll or a Special Meeting on January 24, 2012.

Approval of the Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the December 13, 2011 Regular Meeting, Water Loss Update, Investment Update, and the Projects Update. Chairman Hartvigsen suggested the sentence "Staff was also directed by Chairman Hartvigsen to change any other language in the IGA where the word "Parties" is used, but the intent was Districts' Boards of Directors." in the minutes for the December 13, 2011 Regular Meeting be deleted as it did not correctly reflect what was directed at the meeting. District Manager, Ed Winton, provided the Water Loss Update in stating the

water loss percentage for the month of December was up from the November percentage of 39% to 41%. Director Clinkenbeard expressed her concern and disappointment as she reminded Mr. Winton that water loss is the Board's main priority. Mr. Winton explained that while he was disappointed with the increase in the water loss percentage, PAWSD field staff and engineering firms were continuing to clean valve boxes to check for leaks, running the water model to determine the best locations for the installation of at least two pressure-reducing valves into the system, and checking meters and fire hydrants for leaks. Shellie Peterson provided the Investment Report as of December 31, 2011, noting that it reflected the CDARS investments having matured and being held in cash at the end of the year. She informed the Directors that to reinvest in the CDARS process would result in a lower interest rate than offered by Bank San Juans but would diversify where funds were held. A motion was made by Director Clinkenbeard and seconded by Director Vega to authorize Mrs. Peterson to reinvest the CDARS matured investments in CDARS fully insured accounts with the objective of considering safety first when investing the reserves of the District and to ladder the investments in various maturities if that proved advantageous. The motion passed unanimously. A motion was made by Chairman Hartvigsen and seconded by Director Bunch 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 Bozek regarding several terms in the Intergovernmental Agreement (IGA) between PAWSD and Pagosa Springs Sanitation General Improvement District (PSSGID). Mr. Bozek had written all of his concerns down and submitted them to staff for a formal written response. Comments were also heard from Glenn Walsh stating that he believed PAWSD should walk away from the IGA with PSSGID; thereby, ceasing to explore the possibility of PAWSD treating PSSGID wastewater at the Vista Wastewater Treatment Facility. Comments were also heard by John Ramberg regarding the increasing water loss percentage and encouraging PAWSD staff to continue to be diligent and calculate water loss on a monthly basis.

Consideration of Resolution 2012 – 01 – Board of Directors Annual Posting for Meetings

The Board considered Resolution 2012 – 01 – Board of Directors Annual Posting for Meetings. Director Vega suggested adding the PAWSD Administrative Office and the Pagosa Lakes Property Owners Association Administrative office to the list of locations for posting meeting notices. A motion was made by Director Vega and seconded by Director Chacey to adopt Resolution 2012 – 01 – Board of Directors Annual Posting for Meetings as amended above. The motion passed unanimously.

Consideration of Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election

The Board considered Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election. A motion was made by Director Vega and seconded by Chairman Hartvigsen to adopt Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election with the polling place location to be determined and naming Special Projects Manager, Renee Lewis, as the Designated Election Official. The motion passed unanimously.

Consideration of Board of Directors Code of Conduct

The Board considered the Board of Directors Code of Conduct. While the majority of the terms of the document were agreed upon by the entire Board, the guidelines stating “[Do not] Bad mouth a Board decision or fellow Directors” and “[Do] Understand, accept and support Board decisions once made. View your Board as a team” were not unanimously agreed upon. Director Clinkenbeard did not agree to

accept those guidelines in stating that she does not have to agree with everything, that she has a right, and that she did not agree with everything in the IGA between PAWSD and the PSSGID. Following a lengthy discussion, the Directors agreed to give the guidelines in the Board Code of Conduct some more thought and to possibly continue the discussion at a future meeting.

Other Business

Director Vega requested the Motor Pooling of District Vehicles be an item on the next agenda and that Ed Winton research how the Colorado Department of Health and Environment Rulemaking in March 2012 on potentially increasing the requirements for wastewater effluent nutrient could impact the District. The Board also agreed to have all or part of the regular January Work Session be a Special Meeting so as to allow for necessary actions to be taken.

There being no further business to come before the Board, the meeting was adjourned at 11:09 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT

ARCHULETA COUNTY

STATE OF COLORADO

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NOTICE OF RESCHEDULING OF REGULAR WORK SESSION TO SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) has been scheduled in lieu of the regular Work Session for Tuesday, January 24, 2012, at 6:30 p.m. The Special Meeting will be held at the PAWSD office 100 Lyn Ave, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Public Comment
2. Consideration of Request for Inclusion – Mill Creek Property Owners
3. Consideration of Investment Banking Firm for 2002/2003 General Obligation Bond Refunding
4. Consideration of PAWSD Annual Report
5. Consideration of Revised Rules and Regulations
6. Consideration of Employee Compensation Plan
7. Consideration of Revised PAWSD Vehicle Policy
8. Consideration of PAWSD Board of Directors Code of Conduct
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
JANUARY 24, 2012 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: Lindsey Bright, John Ramberg, Bill Hudson, Glenn Walsh, and Mike Church.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District was called to order by Chairman Steve Hartvigsen at 6:37 p.m. on January 24, 2012.

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 Comments

Chairman Hartvigsen opened the meeting to public comment. Comments were heard by John Ramberg regarding calculating the cost to treat Pagosa Springs Sanitation General Improvement District wastewater.

Consideration of Request for Inclusion – Mill Creek Property Owners

The Board considered the Request for Inclusion – Mill Creek Property Owners (copy attached). Following a lengthy discussion including questions of staff regarding the financing, engineering, and associated fees, a motion was made by Chairman Hartvigsen and seconded by Director Chacey to accept said Petition for Inclusion, signed by 100% of all the Mill Creek Property Owners, using the 2012 associated Equity Buy-in Fees, and to authorized District Counsel to prepare the Notice of Public Hearing for the Petition for Inclusion for February 14, 2012 at 7:00 p.m. The motion passed unanimously.

Consideration of Investment Banking Firm for 2002/2003 General Obligation Bond Refunding

The Board considered Investment Banking Firms for the 2002/2003 General Obligation Bond Refunding process. Business Services Manager, Shellie Peterson, summarized proposals from Piper Jaffray and George K. Baum (copy attached) and recommended to the Board that it move expeditiously in choosing a firm in order to be prepared to take advantage of a low interest rate market. A motion was made by Director Clinkenbeard and seconded by Director Vega to engage Piper Jaffray for the 2002/2003 General Obligation Bond Refunding process primarily because it was proactive in securing PAWSD business by informing Mrs. Peterson of the financial opportunity to refinance certain bonds and because of its initial lower underwriting fee. The motion passed unanimously.

Consideration of PAWSD Annual Report

The Board considered the PAWSD 2010 Annual Report (copy attached). District Manager, Ed Winton, provided an update on the status of the annual report request from the Archuleta County Board of County Commissioners (County) in stating that while PAWSD staff had missed the original deadline for submitting the 2010 Annual Report in October 2011, the County had granted PAWSD an extension on submitting the Annual Report until April 1, 2012 and for submitting the Service Plan Amendment until May 31, 2012. PAWSD staff submitted to the Board for its approval the 2010 Annual Report. A motion was made by Director Vega and seconded by Director Chacey to approve the 2010 Annual Report as submitted by staff and to authorize the President/Chairman, Steve Hartvigsen, to sign the certification document required by the County. The motion passed unanimously.

Consideration of Revised Rules and Regulations

The Board considered the revised Rules and Regulations (copy attached). Director Clinkenbeard suggested that on page 30 under Rule 5.12.3, the "Availability to Connect Fee" be changed to "Availability to Tap Fee" as that is the correct term. She also requested that on page 60 under Rule 10.17.3, the language "or utilize other means of collection available by law to the District" be added to the end of the sentence that reads "In addition, the District may certify the delinquency to the County Treasurer in accordance with § 32-1-1101(1)(e) C.R.S., as subsequently amended." as this more correctly reflects the current PAWSD policy regarding delinquent accounts. Director Bunch requested in Appendix B, Schedule of Fees and Charges, under System Capital Investment Fees that Raw Water Acquisition Fee be removed as it is actually a component of the Water System Capital Investment Fee and should be captured in that amount, which would now read "Water System Capital Investment Fee: \$4,617.00 per E.U." A motion was made by Director Vega and seconded by Chairman Hartvigsen to adopt the PAWSD Rules and Regulations as amended above. The motion passed unanimously.

Consideration of the revised PAWSD Vehicle Policy

In light of the late hour, Chairman Hartvigsen suggested moving this item ahead of Consideration of Employee Compensation Plan on the Agenda. The Board considered the revised PAWSD Vehicle Policy (copy attached). Ed Winton provided a summary of the revisions in stating the new policy provides clearer guidelines for the employees and also a plan for scaling back employee vehicle use should fuel prices increase. He also stated that he believed this to be an inexpensive benefit, at approximately \$35.00 per day, for 16 employees to take District vehicles home. Director Vega stated that he did not believe the disciplinary action for fuel abuse to be stringent enough to prevent theft and recidivism. He also requested that on page 5 under Rule 5 Section B, "GSP" be changed to "GPS" as that is the correct term, and under Section C, "discipline" be changed to "disciplined" and "Section 8" be changed to "Section 7" as those are the correct terms. Shellie Peterson also requested adding language regarding insurance benefit limitations for those PAWSD employees that use their own vehicles for PAWSD business. A motion was made by Chairman Hartvigsen and seconded by Director Clinkenbeard to adopt the revised PAWSD Vehicle Policy as amended above. The motion passed 4 -1 with Director Vega opposed.

Consideration of PAWSD Employee Compensation Policy

The Board considered the PAWSD Employee Compensation Policy (copy attached). Chairman Hartvigsen stated that he requested this item be on the Agenda because he believed that if the majority of

the Board is philosophically opposed to Cost of Living Adjustments (COLA), that benefit should be removed from the PAWSD Employee Compensation Policy. The majority of the Board stated they were not philosophically opposed to COLA and the PAWSD Employee Compensation Policy remains as adopted on September 13, 2011.

Consideration of PAWSD Board of Directors Code of Conduct

The Board considered the Code of Conduct (copy attached). Following a lengthy discussion regarding Board Members abiding by the Code of Conduct in the future, a motion was made by Chairman Hartvigsen and seconded by Director Bunch to readopt the PAWSD Board of Directors Code of Conduct. The motion passed unanimously.

Other Business

Special Projects Manager, Renee Lewis, informed the Board that Pagosa Lakes Property Owners Association (PLPOA) did not have a mechanism for posting PAWSD meeting notices. The Board agreed to direct staff to amend Resolution 2012 – 01 – Board of Directors Annual Posting for Meetings to remove PLPOA Administrative Office as one of the meeting notice posting locations.

There being no further business to come before the Board, the meeting was adjourned at 10:57 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT

ARCHULETA COUNTY

STATE OF COLORADO

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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 (PAWSD) has been scheduled for Tuesday, February 7, 2012, at 12:00 p.m. The Special Meeting will be held at the PAWSD office 100 Lyn Ave, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Approval of PAWSD/Pagosa Springs Sanitation General Improvement District Wastewater Treatment Committee Engineering Firm Recommendation
2. Review Revised Schedule of Fees and Charges
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
FEBRUARY 7, 2012 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, Gregg Mayo, and Renee Lewis. Also present were: Lindsey Bright, Arthur Dilione, Mark Weiler, and Mike Church.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 12:09 p.m. on February 7, 2012.

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 PAWSD/Pagosa Springs Sanitation General Improvement District Wastewater Treatment Committee Engineering Firm Recommendation

The Board considered the PAWSD/Pagosa Springs Sanitation General Improvement District (PSSGID) Wastewater Treatment Committee Engineering Firm Recommendation (copy attached). Mark Weiler, PAWSD/PSSGID Wastewater Treatment Committee Chairman, summarized the process by which the Committee reached its recommendation including the scoring system, positives and negatives of each of the proposals, and why the Committee supported its recommendation of Bartlett & West, Inc. for the preliminary engineering/feasibility study of PAWSD treating PSSGID wastewater. Following a lengthy discussion that included questions of staff and Mr. Weiler regarding reference checks, Bartlett & West's commitment to establishing an office in the Pagosa Springs area, and the financial commitment for the preliminary engineering/feasibility study to be borne entirely by PSSGID pursuant to prior agreement, a motion was made by Director Vega and seconded by Director Chacey to authorize the President to sign the Service Agreement engaging Bartlett & West as the engineering firm to conduct the preliminary engineering/feasibility study. The motion passed unanimously.

Review Revised Schedule of Fee and Charges

The Board considered the revised Schedule of Fees and Charges (copy attached). Business Services Manager, Shellie Peterson, provided highlights of the revisions to the 2012 Schedule of Fees and Charges in stating that as a result of the Board's decision, following the comprehensive review of fees in spring of 2011, to move towards the Wastewater Enterprise Fund supporting its own debt service coverage and to ultimately allow for the Wastewater Enterprise Fund to operate on a cash-only basis, the Wastewater Monthly Service Fee increased from \$27.00 to \$30.00 effective in January 2012.

Wastewater Hauler Charges increased to \$3.35 per 100 gallons reflecting the same percentage of increase as wastewater customers. The Wastewater Connection Fee Assessment decreased from \$430.00 to \$330.00 due to PAWSD policy change that limited PAWSD liability for wastewater main lines to where it meets the customers' laterals instead of to the property lines. The Water Connection Fee Assessment increased due to increased costs in labor and materials. The Water Equity Buy-in Fee increased from \$5,598.00 to \$5,884.00 and the Wastewater Equity Buy-in Fee increased from \$3,114.00 to \$3,571.00, following the procedure of using the most recently completed audited net assets of each Fund divided by the number of equivalent units and availability accounts. The after-hours Meter Turn-on/Turn-off Fee for non-payment increased to \$60.00 from \$45.00 to more accurately account for the associated administrative costs. A motion was made by Director Vega and seconded by Director Clinkenbeard to approve the revised 2012 Schedule of Fees and Charges. The motion passed unanimously.

Other Business

Special Projects Manager, Renee Lewis, provided the 2012 Election Update in stating that PAWSD will be sharing a polling place for this election with the Upper San Juan Health Services District and the Fire District in an effort to conserve resources and for the convenience of the eligible electors. The polling place will be located at 95 South Pagosa Boulevard, Pagosa Springs, Colorado. Ms. Lewis also stated the Call for Self-Nominations Notice will be published in the Pagosa Sun on February 9, 2012. Director Vega requested funds be expended, if necessary, to also issue a press release in the Pagosa Sun and Pagosa Daily Post regarding the Call for Self-Nominations and post the Notice on the PAWSD website. A motion was made by Director Vega and seconded by Chairman Hartvigsen to authorize the Designated Election Official to expend the funds necessary to place an ad in the Pagosa Sun regarding the 2012 Notice to Call for Self-Nominations. The motion passed unanimously.

Director Vega also requested staff to inquire of Mr. Jeff Kane, attorney for Southwestern Water Conservation District, whether he would like for a PAWSD representative to testify on SWCD behalf at the upcoming Colorado Public Health and Environment (CDPHE)/Water Quality Control Commission (WQCC) rulemaking hearing on revised Regulation 31 and proposed Regulation 85, or if it would be better for PAWSD to request Late Party Status in the rulemaking hearing scheduled for the week of March 12, 2012. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to authorize the expense of funds needed to respond to legislative action being taken on CDPHE/WQCC revised Regulation 31 and proposed Regulation 85. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 2:27 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) S.S.
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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, February 14, 2012, at 6:30 p.m. 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 – 1/3/12 Special Meeting and 1/10/12 Regular Meeting
 - Water Loss Update
 - CDPHE Rulemaking Hearing – Regs 31 and 85 Update
3. Public Comment
4. 7:00 p.m. Public Hearing – Mill Creek Property Owners – CANCELLED
5. Executive Session Pursuant to Section Described Above
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
FEBRUARY 14, 2012 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 and Renee Lewis. Also present were: Lindsey Bright, John Ramberg, Mike Church, and Glenn Robinson.

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 February 14, 2012.

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 January 3, 2012 Special Meeting and the January 10, 2012 Regular Meeting, Water Loss Update, and CDPHE Rulemaking Hearing – Regulations 31 and 85 Update. Director Vega requested the word “diversity” on page 2, line 53 of the January 10, 2012 minutes be changed to “diversify” as that is the correct word and the word “Motor” be added to page 3, line 100 of the January 10, 2012 minutes before the word “Pooling.” District Manager, Ed Winton, provided the Water Loss Update in stating the water loss percentage for the month of January was down from the December percentage of 41% to 40%. Mr. Winton stated that while PAWSD field staff continues to find leaks, he plans to change the method by which the amount of water produced is reported because he is not certain if these numbers are correct. Special Projects Manager, Renee Lewis, provided the CDPHE Rulemaking Hearing – Regulations 31 and 85 Update in stating that she had filed for “Late Party Status” in this hearing and would know if it was approved during the Prehearing Conference scheduled for February 22, 2012. She also stated that while HB 12-017 has been postponed indefinitely, HB 12-1161 is currently planned to be heard in the Agriculture, Livestock, and Natural Resources House Committee on February 20, 2012. Ms. Lewis also provided the Election Update in stating that as the Designated Election Official she had yet to receive any Self-Nomination and Acceptance Forms. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Glenn Robinson inquired about how the CDPHE Regulations 31 and 85 might impact the PAWSD Vista Wastewater Treatment Plant discharge.

Ed Winton explained the proposed regulations would require PAWSD to remove nitrogen and phosphorous prior to discharge.

Public Hearing – Mill Creek Property Owners

The Public Hearing – Mill Creek Property Owners was cancelled at the request of the property owners because the initial engineering costs came in higher than expected. The property owners conveyed to staff their plans to reassess and may request another Public Hearing in the future.

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

A motion was made by Director Vega and seconded by Director Bunch to enter into Executive Session at 7:21 p.m. for the purposes of discussing personnel matters, pursuant to Section 24-6-402(4)(f), C.R.S., at the request of Ed Winton. The motion passed unanimously.

Return to Open Session

Upon returning to Open Session at 9:20 p.m., the Board directed Ed Winton to make the suggested revisions to the employment contract, have it reviewed by District Counsel, and resubmit to the Board at the next Regular Meeting.

Other Business

The Directors agreed to change the February 28, 2012 Work Session to a Special Meeting for the purposes of taking action on a budget amendment and potentially the bond refinancing process. The Directors also agreed to move the March 13, 2012 Regular Meeting to March 20, 2012 because it is likely that Allan Bunch, Ed Winton, and Renee Lewis will be in Denver for the CDPHE Rulemaking Hearing on Regulations 31 and 85 and to move the May 8, 2012 Regular Meeting to May 15, 2012 as the original date coincided with the PAWSD Board of Directors 2012 Election. Lastly, the Directors agreed to change all future 2012 Regular Meetings and Work Sessions from 6:30 p.m. to 6:00 p.m. and directed Renee Lewis to draft the necessary amending resolution for a vote during the February 28, 2012 Special Meeting.

There being no further business to come before the Board, the meeting was adjourned at 9:31 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

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

NOTICE OF SPECIAL MEETING AND PUBLIC HEARING

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 Tuesday, February 28, 2012, at 6:30 and 7:30 p.m., respectively. The Special Meeting and Public Hearing will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Public Comment
3. Consideration of Documents Related to the General Obligation Refunding Bonds Series 2012:
 - a) Preliminary Official Statement
 - b) Certified Record of Proceedings
 - c) Bond Sale Certificate
 - d) Refunding Escrow Agreement
 - e) Paying Agent Agreement
 - f) Bond Purchase Agreement
4. 7:30 p.m. Public Hearing – Consideration of Amended 2011 Budget
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
FEBRUARY 28, 2012 SPECIAL MEETING

Attendance

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

In attendance from staff: Ed Winton and Shellie Peterson. Also present were: Michael Lund and Helen Cregger.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Vice-Chairman Allan Bunch at 6:31 p.m. on February 28, 2012. A motion was made by Director Vega and seconded by Director Clinkenbeard to excuse Chairman Steve Hartvigsen as he notified Vice-Chairman Bunch that he would not be able to make 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.

Public Comment

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

Consideration of Documents Related to the General Obligation Refunding Bonds Series 2012

The Board considered the documents related to the General Obligation Refunding Bonds Series 2012 (copy attached). The Refunding process was being considered due to the currently projected potential to save District taxpayers approximately one million dollars over 10 years due to anticipated lower interest rates. The Directors reviewed the Preliminary Official Statement, Certified Record of Proceedings, Bond Sale Certificate, Refunding Escrow Agreement, Paying Agent Agreement, and Bond Purchase Agreement. Following a lengthy discussion, including questions from the Directors of staff and Michael Lund and Helen Cregger of PiperJaffray, a motion was made by Director Vega and seconded by Director Clinkenbeard to adopt Resolution 2012 – 05 – A Resolution Authorizing the Issuance by Pagosa Area Water and Sanitation District of its General Obligation Refunding Bonds for the Purpose of Advance Refunding Outstanding Bonds of the District at Lower Interest Rates; Providing for the Establishment of an Escrow Account to Pay the Refunded Bonds, for the Levy of Property Taxes to Pay the Refunding Bonds and Other Details in Connection Therewith; and Approving Documents Relating to the Refunding; Thus, Authorizing the President/Chairman and Secretary to Execute Said Documents. The motion passed unanimously. A motion was made by Director Vega and seconded by Director Clinkenbeard to adopt Resolution 2012 – 06 – A Resolution of the Pagosa Area Water and Sanitation District Sewer Sub-District, Archuleta County, Colorado, Authorizing the Issuance of Its General Obligation Refunding Bonds

for the Purpose of Advance Refunding Outstanding Bonds of the Pagosa Area Water and Sanitation District Sewer Sub-District at Lower Interest Rates; Providing for the Establishment of an Escrow Account to Pay the Refunded Bonds, for the Levy of Property Taxes Solely Within Such Sub-District to Pay the Refunding Bonds, and Other Details in Connection Therewith; and Approving Documents Relating to the Refunding; Thus, Authorizing the President/Chairman and Secretary to Execute Said Documents. The motion passed unanimously.

Public Hearing – Consideration of Amended 2011 Budget

Vice-Chairman Bunch opened the Public Hearing – Consideration of Amended 2011 Budget at 8:16 p.m.

The Board considered the Amended 2011 Budget (copy attached). District Manager, Ed Winton, and Business Services Manager, Shellie Peterson, presented the need for an additional amendment to the 2011 Budget due to unforeseen circumstances involved with improvements to the existing centrifuge building at the Vista Wastewater Treatment Plant, which were anticipated as a part of the Highlands Lagoon Abandonment and Biosolids beneficial use that was funded by the Federal Stimulus Funds. The additional costs associated were not anticipated and as such would exceed the appropriated expenditures for that project in the Wastewater Enterprise Fund. A motion was made by Director Vega and seconded by Director Clinkenbeard to adopt Resolution 2012 – 03 – Resolution to Amend the 2011 Budget. The motion passed unanimously.

Vice-Chairman Bunch closed the Public Hearing – Consideration of Amended 2011 Budget at 8:22 p.m.

Other Business

To reflect the Board's decision on February 14, 2012 to change the Regular Meeting and Regular Work Session schedule from 6:30 p.m. to 6:00 p.m., a motion was made by Director Clinkenbeard and seconded by Director Vega to adopt Resolution 2012 – 04 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2012. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 9:09 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 rescheduled from Tuesday, March 13, 2012, at 6:30 p.m. to Tuesday, March 20, 2012 at 6:00 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 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 1/24/12 Special Meeting, 2/7/12 Special Meeting, 2/14/12 Regular Meeting, and 2/28/12 Special Meeting
 - Water Loss Update
 - Insurance Seminar Update
 - 2012 Election Update
 - CDPHE Rulemaking Hearing – Regs 31 and 85 Update
3. Public Comment
4. Consideration of Engagement Letter from Clark, White & Associates, Inc.
5. Consideration of Employee Health Insurance Renewal
6. 2012 General Obligation Refunding Bond Issue and Credit Rating Update
7. Consideration of Engineering and Design Phase of PAWSD Treatment of Pagosa Springs Sanitation General Improvement District Wastewater
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
MARCH 20, 2012 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 were: Mark Weiler, Arthur Dilione, John Bozek, Patrick O'Brien, Bill Hudson, Glenn Walsh, Ray Finney, and Lindsey Bright.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Steve Hartvigsen at 6:03 p.m. on March 20, 2012.

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 January 24, 2012 Special Meeting, February 7, 2012 Special Meeting, February 14, 2012 Regular Meeting, and February 28, 2012 Special Meeting, Water Loss Update, Insurance Seminar Update, 2012 Election Update, and CDPHE Rulemaking Hearing – Regs 31 and 85 Update. Director Vega suggested that lines 82 through 86 of the February 14, 2012 Regular Meeting minutes be stricken from the record as it did not pertain to an action item nor was any action taken on the statement by Director Chacey. In agreement, Director Chacey withdrew her request for the language to be included in the minutes and stated this language would be made available to the public upon request. District Manager, Ed Winton, provided the Water Loss Update in stating the water loss percentage for the month of February was up from the January percentage of 40% to 44%. Mr. Winton explained the water model revealed that 18 of the pressure-reducing valves (PRVs) in the water distribution system need to be repaired or replaced and the engineering firm recommended 16 additional PRVs be installed throughout the District; also, that he hopes this measure will decrease the water loss percentage. Business Services Manager, Shellie Peterson, provided the Insurance Seminar Update in stating that T. Charles Wilson representative, Tom Farber, will be providing a seminar on April 10, 2012 from 11:30 a.m. – 1:00 p.m. regarding the District's revised policy for the customer's responsibility at the wastewater laterals. She also stated that press releases, newspaper articles, and other public outreach opportunities are being pursued to inform the public of the seminar. Special Projects Manager, Renee Lewis, provided the 2012 PAWSD Board of Directors Update in stating that six individuals had submitted Self-Nomination and Acceptance Forms and that she had verified that all six were in fact eligible to run for the PAWSD Board in the 2012 Election. Also, she was currently seeking individuals for three election judge positions and would certify those individuals as eligible for the position of election judge by March 30, 2012. Ms. Lewis also provided the

CDPHE Rulemaking Hearing – Regs 31 and 85 in stating the Water Quality Control Commission had reached a decision on the rulemaking on March 18, 2012 deciding to adopt the majority of the Regs 31 and 85 language as proposed by the Water Quality Control Division except for increasing the level of nitrogen acceptable for compliance. This change may provide PAWSD with the possibility of a variance or exclusion from Reg 85. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda as amended above. The motion passed unanimously

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Glenn Walsh offered comments regarding the new conference room set-up and his wish that other governmental entities in the area would follow suit. Patrick O'Brien provided copies of a paper he drafted regarding his concerns with the Intergovernmental Agreement (IGA) between PAWSD and Pagosa Springs Sanitation General Improvement District (PSSGID) and the related bid process for the preliminary engineering and feasibility study (copy attached). John Ramberg offered comments regarding the investigation of water theft in the community. Bill Hudson offered comments regarding the potential annex of the Town of Pagosa Springs into PAWSD and requested an electronic copy of the Board packet. Renee Lewis stated she would provide him with an electronic copy as soon as possible.

Consideration of Engagement Letter from Clark, White & Associates, Inc.

The Board considered the engagement letter from Clark, White & Associates, Inc. (copy attached). Shellie Peterson presented the engagement letter from Clark, White & Associates, Inc. in stating this is a standard yearly practice of engaging Clark, White & Associates, Inc. to review PAWSD financial statements in preparation for the audit. A motion was made by Director Vega and seconded by Director Bunch to approve the engagement of Clark, White & Associates, Inc. to review PAWSD financial statements in preparation for the 2011 audit and to authorize Mrs. Peterson to sign the engagement letter. The motion passed unanimously.

Consideration of Employee Health Insurance Renewal

The Board considered the employee health insurance renewal (copy attached). Shellie Peterson provided the update on the employee health insurance renewal in stating that she would like to explore other options for the employee health insurance program. The Board directed Mrs. Peterson to explore alternatives to the current employee health insurance program and Director Vega offered his time and expertise to assist in this effort.

2012 General Obligation Bond Issue and Credit Rating Update

The Board considered the 2012 General Bond Issue and Credit Rating Update (copy attached). Shellie Peterson provided the 2012 General Bond Issue and Credit Rating Update in stating PAWSD had received an independent bond rating of A1 for the Water General Obligation Bond Issue and an A2 for the Sewer Subdistrict. She also stated that she and Ed Winton would be talking to Piper Jaffray to initiate the bond sale on March 21, 2012 and she planned to prepare press materials following the results of the sale.

Consideration of Engineering and Design Phase of PAWSD Treatment of Pagosa Springs Sanitation General Improvement District Wastewater

The Board considered the engineering and design phase of PAWSD treatment of PSSGID wastewater (copy attached). Following a lengthy discussion that included questions from the Board of Mark Weiler - Chairman of PAWSD Treatment of PSSGID Wastewater Committee, Art Dilione - Bartlett & West Vice-President, and Gregg Mayo - PAWSD Project Manager regarding engineering and costs of the project, a motion was made by Chairman Hartvigsen and seconded by Director Chacey to proceed with the final engineering and design phase of PAWSD treatment of PSSGID wastewater. The motion passed unanimously.

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

A motion was made by Director Vega and seconded by Chairman Hartvigsen to enter into Executive Session at 8:46 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 10:37 p.m., the Board directed Ed Winton to consider the renegotiated terms of the employment contract and resubmit to the Board for further discussion at the next Regular Meeting.

Other Business

Director Vega offered to the other Directors to speak individually with concerned members of the public that had a difference of opinion regarding the PAWSD IGA with the PSSGID to treat wastewater. Renee Lewis provided the Board with copies of letters from customers and the corresponding responses explaining the individual circumstances and her plans to address those concerns.

There being no further business to come before the Board, the meeting was adjourned at 10:45 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 10, 2012, at 6:00 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 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 3/20/12 Regular Meeting
 - Water Loss Update
 - Insurance Seminar Update
 - Financial Statements Update
 - Investment Report
 - GO Bond Refunding Update
 - 2012 Election Update
3. Public Comment
4. Consideration of Cityworks® IGA with Town of Pagosa Springs and Archuleta County
5. Consideration of Employee Health Insurance Renewal
6. Consideration of 2012 Amended and Restated Service Plan
7. Consideration of Amendment to Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election
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
APRIL 10, 2012 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, Kyle Tjelmeland, and Renee Lewis. Also present were: Lindsey Bright, Glenn Walsh, Mike Church, Glenn Robinson, Arthur Dilione, John Ramberg, Duane Branson, John Bozek, and Patrick O'Brien.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Hartvigsen at 6:41 p.m. on April 10, 2012.

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 March 20, 2012 Regular Meeting, Water Loss Update, Insurance Seminar Update, Financial Statements Update, Investment Report, GO Bond Refunding Update, and 2012 Election Update. Director Vega requested the language "Moody's Investor Services" be added to line 90 after the word "a" as it more clearly states the firm that provided the District's independent bond rating. District Manager, Ed Winton, provided the Water Loss Update in stating the water loss percentage for the month of March was down from the February percentage of 44% to 40%. Mr. Winton stated the plan to address water loss is proceeding as presented earlier to the Board and he is hoping to have all of the valves in the District located on the GIS map and exercised by the end of this summer. Business Services Manager, Shellie Peterson, presented the Insurance Seminar Update in stating that approximately 18 people, including five PAWSD staff members, attended the seminar offered by T. Charles Wilson Insurance representative, Tom Farber, regarding insurance coverage and the recent revisions to PAWSD wastewater service line liability, which changes the customers' liability for the laterals from the property line to where the lateral actually meets the service main. Mrs. Peterson also provided the Financial Statements Update in stating this is a quarterly exercise and answered questions from the Board regarding why certain line items were at an increased percentage than what would be expected at this early date in the fiscal year. She responded in stating that while some projects were over budget at this time, others are planned to be completed earlier this year than originally scheduled. Mrs. Peterson further provided the Investment Report in stating the District is currently in a very liquid position with the CDARS investments due to the investment limitations of present market conditions. Mrs. Peterson lastly provided GO Bond Refunding Update in stating the recent bond sale was successful and ultimately saves the District's taxpayers close to \$868,000.00 over the next 10 years. Special Projects Manager, Renee Lewis, provided the 2012 Election Update in stating

that she had appointed four election judges, the judges training is tentatively scheduled for April 20, 2012 at 3:00 p.m., and that she had received the election materials just this afternoon. She further stated that she has already received several requests for mail-in ballots and was making special accommodations for eligible electors who need mail-in ballots delivered at a certain time due to the small community of Pagosa Springs. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Hartvigsen opened the meeting to public comment. Glenn Walsh offered comments on the potential for the PAWSD – Pagosa Springs Sanitation General Improvement District (PSSGID) IGA to consider the costs of implementing measures to comply with the newly adopted Water Quality Control Commission nutrient regulations while encouraging an open dialogue between PAWSD and PSSGID on this issue. Mike Church offered comments on whether the GO bond refunding would be reflected in the 2012 Budget Amendment later this year. Shellie Peterson explained that due to the nature of the GO bonds the savings would actually be reflected in the certification of the mill levies later this year and not in the 2012 Budget Amendment as it would with revenue bonds.

Consideration of Cityworks® IGA with Town of Pagosa Springs and Archuleta County

The Board considered the Cityworks® IGA with Town of Pagosa Springs and Archuleta County (copy attached). GIS/Asset Management Coordinator, Kyle Tjelmeland, provided an overview of the terms of the IGA and responded to questions from the Directors regarding cost-sharing, his expected involvement and expertise, and the benefits of having the three entities work as a consortium on this project. Director Clinkenbeard suggested that instead of listing Mr. Tjelmeland as the Cityworks® Committee authorized representative that in parentheses “currently, Kyle Tjelmeland” be inserted. A motion was made by Director Bunch and seconded by Director Vega to approve the Cityworks® IGA as amended above and authorize the President to execute the document as necessary. The motion passed unanimously.

Consideration of Employee Health Insurance Renewal

The Board considered the employee health insurance renewal (copy attached). Shellie Peterson provided a summary of the costs of the employee health insurance renewal with the current provider, CEBT, and the results of researching alternative providers in stating that CEBT remains the best coverage for the cost, but that to renew this year it will cost the District an additional \$5391.00 and approximately \$18.00 - \$24.00 per pay period for the employees depending on the type of coverage. A motion was made by Chairman Hartvigsen and seconded by Director Chacey to approve the employee health insurance renewal through CEBT with no change in the employee benefits. The motion passed unanimously.

Consideration of 2012 Amended and Restated Service Plan

The Board considered the 2012 Amended and Restated Service Plan (copy attached). Shellie Peterson provided the summary of the 2012 Amended and Restated Service Plan in stating that following the approval by the Board she will send the plan to the Archuleta County Attorney, Todd Starr, for review prior to it being submitted to the Archuleta County Planning Commission and ultimately to the Archuleta County Board of County Commissioners. The Board suggested the plan be revised to reflect the actual amount that has been drawn on the CWCB loan, used to purchase the Dry Gulch property of \$9,300,000.00, instead of the amount available for draw of \$11,217,000.00 as those remaining funds may

never be used. The Board also suggested that Mrs. Peterson review her calculation for the mill levies in Table I as it seems there may have been a mistake. Lastly, the Board suggested the word draft be removed from the Resolution 2012 – 07 – Resolution Authorizing an Amended and Restated Service Plan Petition as the Board deemed the plan to be a complete document ready for presentation to the County. A motion was made by Director Chacey and seconded by Chairman Hartvigsen to direct Mrs. Peterson to send the 2012 Amended and Restated Service Plan as revised above to the County Attorney and to adopt Resolution 2012 – 07 – Resolution Authorizing an Amended and Restated Service Plan Petition. The motion passed unanimously.

Consideration of Amendment to Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election

The Board considered the Amendment to Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election (copy attached). Renee Lewis explained Resolution 2012 – 02 needed to be amended to reflect the Board's decision during the March 20, 2012 Regular Meeting to change the 2012 Board of Directors Election polling place from 95 South Pagosa Blvd., Pagosa Springs, CO to 100 Lyn Ave., Pagosa Springs, CO. A motion was made by Chairman Hartvigsen and seconded by Director Bunch to adopt the Amendment to Resolution 2012 – 02 – Resolution Calling for the 2012 Regular District Election. 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 9:40 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 10:25 p.m., a motion was made by Director Bunch and seconded by Chairman Hartvigsen to accept the employment contract as amended and presented by Ed Winton and authorized the President to execute the document as necessary. The motion passed 4 -1 with Director Clinkenbeard opposed.

Other Business

Ed Winton informed the Board that in light of the upcoming election and the retirement of three Board members, staff has organized an event for the departing and new Board members on Monday, May 14, 2012 at 5:30 p.m. in the Aspen Moose Restaurant, Pagosa Springs, Colorado.

There being no further business to come before the Board, the meeting was adjourned at 10:45 p.m.

Respectfully submitted,

Michael Church
Secretary

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 rescheduled from Tuesday, May 8, 2012, at 6:00 p.m. to Tuesday, May 15, 2012 at 6:00 p.m. to accommodate for the PAWSD 2012 Board of Directors Election. The Board may enter into Executive Session 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. Election of Officers and Committee Assignments
3. Approval of Consent Agenda
 - Minutes – 4/10/12 Regular Meeting
 - Water Loss Update
 - Projects Update
 - Election Report
4. Public Comment
5. Executive Session Pursuant to Section Described Above
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
MAY 15, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Mike Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present were: John Bozek, Arthur Dilione, Jeff Shamburg, Bill Hudson, J.B. Smith, John Ramberg, and Lindsey Bright.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Vice-Chairman Allan Bunch at 6:01 p.m. on May 15, 2012.

Election of Officers and Committee Assignments

The Board considered the election of officers and committee assignments following the May 8, 2012 PAWSD Board of Directors Election. A motion was made by Director Vega and seconded by Director Church to nominate Vice-Chairman Bunch as the new Chairman/President of the PAWSD Board of Directors. The motion passed unanimously. A motion was made by Chairman Bunch and seconded by Director Church to nominate Director Vega as the Vice-Chairman of the PAWSD Board of Directors. The motion passed unanimously. A motion was made by Chairman Bunch and seconded by Director Vega to nominate Director Church as Secretary of the PAWSD Board of Directors. The motion passed unanimously. A motion was made by Director Vega and seconded by Director Church to nominate Director Walsh as the Treasurer of the PAWSD Board of Directors. The motion passed unanimously. Chairman Bunch requested of the Board volunteers for the standing Budget and Audit Committees. Director Walsh volunteered to be on the Budget Committee without objection and was appointed as such. Director Vega volunteered to continue as a member of the Audit Committee without objection and was appointed as such. District Manager, Ed Winton, requested a Capital Improvements Committee be established to allow the Board to be more involved in capital improvement projects. A motion was made by Director Vega and seconded by Director Adams to amend the Bylaws accordingly so as to provide for a Capital Improvements Committee with the appointment of at least one Board Member with a maximum of two Board Members at any one time. The motion passed unanimously. Directors Adams and Church volunteered to be on such committee once formally established without objection and were appointed as such.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the April 10, 2012 Regular Meeting, the Water Loss Update, the Projects Update, and the Election Report. Director Walsh agreed to accept the April 10, 2012 minutes as presented because he attended the meeting as a candidate for the PAWSD Board of Directors and as a member of the public. Ed Winton provided the Water Loss Update in stating the water loss percentage for the month of April was down from the March percentage of 40% to 34%. Mr. Winton also provided a video presentation by American Water Works

Association entitled "Water Supply Operations: Water Loss Control." The Board rescheduled its Regular Work Session for May 22, 2012 to May 23, 2012 at 6:00 p.m. to discuss specifically PAWSD water loss. Projects Manager, Gregg Mayo, provided an overview of PAWSD projects and answered questions from the Board and the public. Special Projects Manager, Renee Lewis, provided the Election Report in stating that 397 ballots were cast, 194 mail-in ballots were delivered to eligible electors, 154 mail-in ballots were cast, and 9 mail-in ballots were rejected due to ballots being returned without the mail-in application. Ms. Lewis also stated that she would explore the option of permanent mail-in ballots for future elections. A motion was made by Director Vega and seconded by Director Church to adopt the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. Bill Hudson provided comments and questions regarding PAWSD future infrastructure plans. J.B. Smith provided comments on the knowledge of PAWSD staff regarding meetings, agenda structure, and whether to expect water restrictions this summer due to possible drought circumstances.

Executive Session

Following a lengthy discussion regarding whether the Executive Session was warranted in order to have a meaningful conversation with the District's attorney, Evan Ela, on the request from Mr. Tom Smith, a motion was made by Director Church and seconded by Director Walsh to go into Executive Session for the purposes of receiving legal advice on specific legal questions pursuant to Section 24-6-402(4)(b). The motion failed 3-2 with Directors Church and Walsh in favor. Mr. Ela proceeded to inform the Directors of a request from Mr. Smith whereby he would have access to the Dutton pipeline when it is not in use by PAWSD. Following a lengthy discussion including questions from the Directors and the public regarding PAWSD water rights portfolio, a motion was made by Director Walsh and seconded by Director Church to deny Mr. Smith's request for access to the Dutton pipeline at this time due to uncertainty of the future configuration of PAWSD water infrastructure. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 9:36 p.m.

Respectfully submitted,

Michael Church
Secretary

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 12, 2012 at 6:00 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 – 5/15/12 Regular Meeting
 - Water Loss Update
 - County Certification Process Update
3. Public Comment
4. Consideration of Request by Gerald and Joan Jessen
5. Consideration of Request by Mr. James Jeffords
6. Consideration of Petition for Inclusion – National Christian Foundation Real Property
7. Drought Management Plan Update and Request for Board Member Volunteer
8. Search Committee Appointments for PAWSD General Counsel
9. Consideration of Resolution 2012 – 5 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2012
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
JUNE 12, 2012 REGULAR MEETING

Attendance

The following Directors were present: Allan Bunch, Mike Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton (telephonically), Shellie Peterson, Nancy Stahl, and Renee Lewis. Also present were: Joan Jessen, Gerald Jessen, Jeff Shamburg, Lindsey Bright, John Ramberg, Ron Farmer, Brandon Church, and J.B. Smith.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 6:00 p.m. on June 12, 2012. A motion was made by Director Vega and seconded by Director Walsh to excuse Director Adams as he had notified the Board in advance that he would be unable to attend the meeting. The motion passed unanimously.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the May 15, 2012 Regular Meeting, the Water Loss Update, and the County Certification Process Update. Chairman Bunch opened the meeting to comments from the Board on the Water Loss Update, which showed the water loss percentage for the month of May to be down from the April percentage of 34% to 24%. John Ramberg offered comments on the water loss percentage in stating that it was "on keel," but still has a lot of room for improvement. Business Services Manager, Shellie Peterson, provided the County Certification Process Update in stating that she and PAWSD Treasurer, Director Walsh, met with County Treasurer, Betty Diller, and found it to be an encouraging meeting and she looked forward to working with Ms. Diller in the future. Mrs. Peterson further stated that while Ms. Diller did concede to some requests, both parties still had some outstanding questions that Ms. Diller committed to addressing with County Attorney, Todd Starr, in particular 15 properties of which the status is unknown. A motion was made by Director Vega and seconded by Director Walsh to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. J.B. Smith offered comments regarding his disappointment in the amended Board meeting time from 6:00 p.m. to 2:00 p.m. He requested that he be put on the July 10, 2012 Agenda as late in the day as possible to accommodate for his work schedule. The Board agreed to honor his request and directed Special Projects Manager, Renee Lewis, to coordinate with Mr. Smith in this effort.

Consideration of Request by Gerald and Joan Jessen

The Board considered the request by Gerald and Joan Jessen (copy attached). Mr. and Mrs. Jessen requested the Board waive fees for water use they claim was far in excess of actual use from April 3, 2012 to April 26, 2012 as they were not home during this time. Utility Accounts Supervisor, Nancy Stahl, provided the Board both in written material and in person with information regarding the Jessens' meter, that it was bench tested at the PAWSD facility according to standard operating procedures, and was

determined to be functioning correctly. Mrs. Stahl also provided in her materials information regarding how the amount of water used by the account during the time in question was possible considering the infrastructure in the home, but no water damage was evident upon visual inspection by a PAWSD technician. Following a lengthy discussion in which Mr. and Mrs. Jessen answered questions regarding the infrastructure of their home and the possibility of water theft, a motion was made by Director Walsh and seconded by Director Vega to waive all charges in excess of the minimum water and sewer charges on Mr. and Mrs. Jessens' April bill, pursuant to PAWSD Rules & Regulations 10.1 and 10.8.3, as there is insufficient evidence to establish a billable loss. The motion was initially declared failed 2-2 with Chairman Bunch opposed and Director Church abstaining pending further research as to whether the majority is required on the vote itself or for the entire quorum. As a result of research conducted, the motion passed 2-1 with Chairman Bunch opposed. Director Church abstained from the vote due to a potential conflict of interest as he was the project manager for the development in which the home in question is located.

Consideration of Request by Mr. James Jeffords

The Board considered the request by James Jeffords (copy attached). Per Mr. Jeffords request, Nancy Stahl provided the Board with a written summary of the facts pertaining to the leak event that lead to his request for reimbursement for the damages suffered to his property and related water charges that stemmed from the leak. She further stated that it is likely this event will qualify for a leak rate adjustment because it seemed to occur on the service line. A motion was made by Director Walsh and seconded by Director Vega to extend to Mr. Jeffords the leak rate provided he complies with the leak rate requirements and to deny all other aspects of the request. The motion passed unanimously.

Consideration of Petition for Inclusion – National Christian Foundation Real Property

The Board considered the Petition for Inclusion from the National Christian Foundation Real Property (copy attached). Shellie Peterson presented the Petition for Inclusion in stating that it was an approximately five acre parcel in the Wildflower subdivision. She also provided a procedural explanation in stating that accepting the petition at this meeting allowed her to schedule a public hearing on the request whereby the Board would be in a position to address the potential conditions for the inclusion and ultimately whether or not to actually include the parcel into the District boundaries. Mrs. Peterson further reminded the Board the public hearing also provides the rate and tax payers of the District with the opportunity to comment on whether or not the Board should include the parcel in the District. A motion was made by Director Walsh and seconded by Director Vega to accept the Petition for Inclusion – National Christian Foundation Real Property. The motion passed unanimously.

Drought Management Plan Update and Request for Board Member Voluntary

The Board reviewed the Drought Management Plan Update (copy attached). Renee Lewis provided the rationale for updating the current PAWSD Drought Management Plan in stating that due to the significant decrease in snowpack this year, current dry weather conditions, and recent changes in policy the current Drought Management Plan was in need of updating in preparation for the coming year. She also requested that a Board Member volunteer to attend the drought management plan update meetings to keep the Board apprised of the progress and to voice Board policy concerns. Without opposition, Director Church volunteered to be the Board Representative at said meetings.

Search Committee Appointments for PAWSD General Counsel

The Board considered search committee appointments for PAWSD General Counsel. While volunteering his services for the search committee, Chairman Bunch stated that he found the online attorney search

tool provided by Director Walsh to be very helpful and would like him to be a member of said search committee. Without opposition, Chairman Bunch and Director Walsh were appointed search committee members for PAWSD General Counsel.

Consideration of Resolution 2012 – 5 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2012

The Board considered Resolution 2012 – 5 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2012 (copy attached). To reflect the recent May 23, 2012 agreement to change the meeting times from 6:00 p.m. to 2:00 p.m. for the PAWSD Regular Meetings and Regular Work Sessions, which occur on the second and fourth Tuesday of each month respectively, a motion was made by Director Church and seconded by Director Walsh to adopt Resolution 2012 – 5 – Resolution to Amend the Pagosa Area Water and Sanitation District Notice of Regular Meetings for 2012. The motion passed unanimously.

Other Business

The Board agreed to call for a portion of the June 26, 2012 Work Session to be a Special Meeting for the primary purpose of meeting with the Archuleta County Commissioners. The Work Session and Special Meeting were scheduled for 2:00 p.m. and 3:00 p.m. respectively at the PAWSD administrative office, 100 Lyn Ave, Pagosa Springs, Colorado.

Respectfully submitted,

Michael Church

Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT

ARCHULETA COUNTY

STATE OF COLORADO

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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 (PAWSD) have been scheduled for Tuesday, June 26, 2012, at 2:00 p.m. and 3:00 p.m. respectively. The Work Session and Special Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

Work Session:

1. Discussion Regarding the Current PAWSD Drought Management Plan
2. Discussion Regarding Mill Creek Inclusion – Mr. Bill Blackmon

Special Meeting:

1. Consideration of Fiber Optic Proposal – Archuleta County Commissioners
2. Amended and Restated Service Plan Petition – Archuleta County Commissioners
3. Consideration of Pagosa Fire Protection District Fire Hydrant Maintenance Agreement
4. Consideration of New PAWSD High Consumption Policy
5. Consideration of Change Order Request – Southwest Contracting LLC
6. Consideration of Engineering Firm Selection for San Juan Water Treatment Plant Improvements

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
JUNE 26, 2012 SPECIAL MEETING

Attendance

The following Directors were present: Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present were: Greg Schulte, Todd Starr, Clifford Lucero, Michael Whiting, Steve Whadley, John Ramberg, Bob Walan, Duwane Ramey, Lindsey Bright, and Arthur Dilione.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 3:02 p.m. on June 26, 2012.

Consideration of Pagosa Fire Protection District Fire Hydrant Maintenance Agreement

The Board agreed to amend the Agenda to address the Pagosa Fire Protection District (PFPD) Fire Hydrant Maintenance Agreement (Agreement) (copy attached) item prior to the Fiber Optic Proposal – Archuleta County Commissioners to allow for the remaining Archuleta County Commissioners and staff to arrive. The Board considered the PFPD Agreement. PFPD Captain, Duwane Ramey, presented the Fire District's position on the Agreement in stating the Fire District believes it is the best interest of the community to continue allowing the Fire District to maintain PAWSD fire hydrants so as to retain the current ISO rating, which impacts the community's insurance rates. District Manager, Ed Winton, agreed that it is in the best interest of the community to continue the practice, but believes the Agreement itself needs to be revisited. A motion was made by Director Walsh and seconded by Director Church to allow Mr. Winton to renegotiate the PFPD Agreement. The motion passed unanimously.

Consideration of Fiber Optic Proposal – Archuleta County Commissioners

The Board considered the Fiber Optic Proposal – Archuleta County Commissioners (copy attached). County Administrator, Greg Schulte, presented the County's proposal regarding PAWSD participation in an upcoming fiber optic project the County had received a grant to complete this summer. Following a lengthy discussion in which Mr. Schulte, the County Attorney, and the County Commissioners fielded questions from the Board regarding the location of the fiber optic project and the expected cost to PAWSD, the Board directed Chairman Bunch and Ed Winton to move forward with obtaining more information on the project and to report back to the Board prior to it making the final decision.

Amended and Restated Service Plan Petition – Archuleta County Commissioners

The Board considered the Amended and Restated Service Plan Petition – Archuleta County Commissioners (copy attached). Greg Schulte and County Attorney, Todd Starr, provided the procedures and timeline necessary for the County to consider PAWSD Amended and Restated Service Plan Petition (Plan) in stating that per state statute PAWSD has to provide copies of the Plan to the County Clerk and Recorder, the Division of Local Governments, and the State Auditor in order for the County to set a public

hearing date. Business Services Manager, Shellie Peterson, stated that she would provide copies to the required entities and contact Mr. Schulte when this was complete.

Consideration of New PAWSD High Consumption Policy

The Board considered the new PAWSD High Consumption Policy (copy attached). Ed Winton presented the draft new PAWSD High Consumption Policy in stating this new policy should address the majority of customer-disputed high consumption cases. Following a lengthy discussion regarding the reliability of meters, Director Walsh suggested the language in paragraph #2 be changed from “[A]s a matter of general understanding” to “[A]s a matter of engineering design.” A motion was made by Director Church and seconded by Director Vega to approve the new PAWSD High Consumption Policy as amended above. The motion passed unanimously.

Consideration of Change Order Request – Southwest Contracting LLC

The Board considered Change Order Request – Southwest Contracting LLC (copy attached). Projects Manager, Gregg Mayo, presented the Change Order Request – Southwest Contracting LLC in stating the \$439,335.00 change order request is due primarily to unanticipated electrical work and additional backfill required due to unsuitable soils on the greenhouse project and that this work had already been completed. Mr. Mayo fielded questions from the Board regarding why this work was not anticipated in the original design and whether the project itself could actually be marketed to another entity. He stated that at this stage in the project it is not likely marketable to another entity due to its uniqueness, and the original design engineer did not anticipate the electrical work to be this complex and also did not anticipate the unsuitability of the soils because of favorable results from preconstruction soils testing. A motion was made by Chairman Bunch and seconded by Director Walsh to approve the change order request, although reluctantly, because it is an outstanding bill for work already completed. The motion passed unanimously.

Consideration of Engineering Firm Selection for San Juan Water Treatment Plant Improvements

The Board considered the Engineering Firm Selection for San Juan Water Treatment Plant Improvements (copy attached). Gregg Mayo presented the Engineering Firm Selection for San Juan Water Treatment Plant Improvements Report from the Capital Improvements Committee in stating that four engineering firms had submitted proposals in response to PAWSD Request for Qualifications. He further stated that of the four submissions Bartlett & West, Inc. was the lowest bid and the only firm to fulfill the requirement of a full service in-house firm. The Capital Improvements Committee Report recommended the Board select Bartlett & West, Inc. for the San Juan Water Treatment Plant Improvements. A motion was made by Director Church and seconded by Director Walsh to appoint Bartlett & West, Inc. as the engineering firm for the San Juan Water Treatment Plant improvements. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 5:34 p.m.

Respectfully submitted,

Michael Church
Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) S.S.
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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 10, 2012 at 2:00 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 – 6/12/12 Regular Meeting and 6/26/12 Special Meeting
Water Loss Update
3. 2:30 p.m. Public Hearing - Consideration of Petition for Inclusion – National Christian Foundation Real Property
4. Public Comment
5. Discussion Regarding Mill Creek Inclusion – Mr. Bill Blackmon
6. Consideration of Appointment of On-Call Engineering Firm
7. Consideration of Customer Liability for Water Service Lines
8. Consideration of PAWSD Participation in Archuleta County/Town of Pagosa Springs Fiber Optic Project
9. Consideration of Appeal Regarding Availability Fees – J.B. Smith
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
JULY 10, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, Kyle Tjelmeland, and Renee Lewis. Also present were: Lindsey Bright, Brenda Blackmon, Bill Blackmon, John Bozek, John Ramberg, Art Dilione, Mary Ann Sayre, Sandy Mazur, Peter Kukca, Hana Kukca, and Charlotte Williams.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:00 p.m. on July 10, 2012.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the June 12, 2012 Regular Meeting and June 26, 2012 Special Meeting, and the Water Loss Update. Director Walsh requested that Joan and Gerald Jessens' names be included in the attendance list as they were in fact in attendance and spoke with the Board as represented in the minutes. District Manager, Ed Winton, presented the Water Loss Update in stating the water loss percentage for the month of June is down from the May percentage of 24% to 14%. He also stated that while the report is presented in a slightly different format, it still reports the water loss in gallons as well as percentages. A motion was made by Director Vega and second by Director Church to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

The Board agreed to amend the Agenda to address the Public Comment item prior to the Public Hearing – Consideration of Petition for Inclusion – National Christian Foundation Real Property to accommodate for the Public Hearing scheduled time of 2:30 p.m. Chairman Bunch opened the meeting to public comment. John Ramberg offered comments on the PAWSD Water Loss Update and potential leaks in the community.

Consideration of Appointment of On-call Engineering Firm

The Board agreed to amend the Agenda to address the Consideration of Appointment of On-call Engineering Firm item prior to the Public Hearing – Consideration of Petition for Inclusion – National Christian Foundation Real Property to accommodate for the Public Hearing scheduled time of 2:30 p.m. The Board considered the appointment of an On-call Engineering Firm (copy attached). Ed Winton presented the appointment of an on-call engineering firm in stating that staff recommends Bartlett & West, Inc. be the on-call engineering firm as its proposal met all qualifications and was the only proposal submitted. A motion was made by Director Vega and seconded Director Adams to appoint Bartlett & West, Inc. as the on-call engineering firm. The motion passed unanimously.

Public Hearing – Consideration of Petition for Inclusion – National Christian Foundation Real Property

Chairman Bunch opened the Public Hearing regarding the Petition for Inclusion – National Christian Foundation Real Property at 2:32 p.m. The Board considered the Public Hearing – Consideration of Petition for Inclusion – National Christian Foundation Real Property (copy attached). Following a lengthy discussion in which the Board directed Business Services Manager, Shellie Peterson, to revise the presented conditions for inclusion to reflect its concerns and to present the revised version at the next board meeting, a motion was made by Director Vega and seconded by Chairman Bunch to table this agenda item until the next Special or Regular Meeting. The motion passed 3 – 2 with Directors Church and Walsh opposed. The Public Hearing was closed at 3:00 p.m.

Discussion Regarding Mill Creek Inclusion – Mr. Bill Blackmon

The Board considered the Discussion Regarding Mill Creek Inclusion – Mr. Bill Blackmon (copy attached). Bill Blackmon and other Mill Creek property owners requested the Board waive some of the inclusion fees and/or allow them to pay the fees at this time, but to begin the construction process in the spring/summer of 2013 as the fees were much higher than originally expected and it is getting late in this year's construction season. The Board expressed regret in its inability to waive inclusion fees as it is mandated to treat all customers, potential or actual, in the same manner, but did allow the Mill Creek property owners to pay the fees this year and delay construction until next year. The Mill Creek property owners stated they would present this information to the other property owners that were unable to attend and likely come back to the Board with the results of that meeting.

Consideration of Customer Liability for Water Service Lines

The Board considered the Customer Liability for Water Service Lines (copy attached). Ed Winton presented the proposed revisions to the customer's liability for water service lines as presented in the PAWSD Rules & Regulations, Section 3.5, in stating this revision would clarify any ambiguity in the language pertaining to property lines being the point at which the customer is liable for the water services lines. The Board agreed this revision would clarify any ambiguity in the language regarding property lines; however, it would also expose the District to increased risk until all of the meters that are actually inside or under the properties have the opportunity to be moved to an outside location. A motion was made by Director Vega and seconded by Director Church to deny the proposed revisions to PAWSD Rules & Regulations, Section 3.5 due to the potential increase in risk exposure. The motion passed unanimously.

Consideration of PAWSD Participation in Archuleta County/Town of Pagosa Springs Fiber Optic Project

The Board considered PAWSD Participation in Archuleta County/Town of Pagosa Springs Fiber Optic Project (copy attached). GIS & Cityworks Coordinator, Kyle Tjemeland, presented the PAWSD Participation in Archuleta County/Town of Pagosa Springs Fiber Optic Project in stating that while he still did not know the final cost of PAWSD participation in the project, he estimates it will cost approximately \$30,000.00. The Board agreed that it was not ready to vote on this agenda item until Mr. Tjemeland could provide a summary of the benefits of the project and the final costs to the District. Mr. Tjemeland stated he could provide that information in preparation for the July 24, 2012 meeting and the Board agreed to table this item until said meeting.

Consideration of Appeal Regarding Availability Fees – J.B. Smith

The Board considered the Appeal Regarding Availability Fees – J.B. Smith. J.B. Smith presented his appeal regarding availability fees assessed to his vacant lot account in stating that a few years ago he had pursued consolidating his vacant lot with the adjacent lot on which his house is located, but that PAWSD staff had failed to approve the consolidation; therefore, the availability fees that have been assessed to the vacant lot in question should be waived due to a PAWSD error. PAWSD staff does not have any evidence of said consolidation request and Mr. Smith could not provide any evidence at this time. The Board agreed that should Mr. Smith be able to provide evidence of said PAWSD error, it would consider the appeal again at that time.

Other Business

In response to the letter sent to the Board from San Juan Water Conservancy District (SJWCD) President, Larry Ash, requesting a joint meeting of the two Boards, the Directors agreed to invite the SJWCD Board to the August 28, 2012 Work Session and directed staff to contact Mr. Ash regarding this meeting. The Board requested a discussion regarding the use of the equivalent unit be placed on the July 24, 2012 Work Session. Lastly, the Board agreed to call a Special Meeting for 2:00 p.m. on July 24, 2012 primarily for the purposes of accepting the 2011 audited financial statements.

There being no further business to come before the Board, the meeting was adjourned at 5:41 p.m.

Respectfully submitted,

Michael Church
Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT

ARCHULETA COUNTY

STATE OF COLORADO

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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 (PAWSD) have been scheduled for Tuesday, July 24, 2012, at 2:00 p.m. and 3:00 p.m. respectively. The Special Meeting and Work Session will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

Special Meeting:

3. Presentation and Approval of 2011 Audited Financial Statements, Ronny Farmer, LLC
4. Consideration of Petition for Inclusion – National Christian Foundation Real Property
5. Consideration of Fiber Optic Proposal – Archuleta County Commissioners

Work Session:

7. Discussion Regarding Archuleta County – Community Development Action Plan 2012
8. Discussion Regarding Designation of Fourmile Creek Watershed for Fire Mitigation Measures
9. Discussion Regarding the Equivalent Unit
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
JULY 24, 2012 SPECIAL MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Kyle Tjelmeland, and Renee Lewis. Also present were: Ronnie Farmer, John Ramberg, Lindsey Bright, John Bozek, and Jeff Shamburg.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:00 p.m. on July 24, 2012.

Presentation and Approval of 2011 Audited Financial Statements, Ronny Farmer, LLC

The Board considered the 2011 Audited Financial Statements (copy attached). Ronny Farmer of Ronny Farmer, LLC presented 2011 Audited Financial Statements in reviewing the different components of the audit, highlighting the letter from his 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). He presented the audit with an unqualified opinion as the financial statements have no material weaknesses or significant deficiencies. He credited the unqualified opinion to the efforts of Business Services Manager, Shellie Peterson. After fielding questions from the Board confirming the good condition of the District's accounting records and internal procedures, a motion was made by Director Walsh and seconded by Director Vega to approve the 2011 Audited Financial Statements as presented. The motion passed unanimously.

Consideration of Petition for Inclusion – National Christian Foundation Real Property

The Board considered the Petition for Inclusion – National Christian Foundation Real Property (copy attached). Director Vega stated the revised conditions for inclusion did reflect the revisions discussed at the July 10, 2012 Regular Meeting. A motion was made by Director Vega and seconded by Director Church to include the National Christian Foundation Real Property into PAWSD. The motion passed unanimously.

Consideration of Fiber Optic Proposal – Archuleta County Commissioners

The Board considered the Fiber Optic Proposal – Archuleta County Commissioners (copy attached). Director Church stated that PAWSD should not commit to participating in the Fiber Optic Project without an agreement in place that qualifies PAWSD participation in the project as dependent on securing the additional funding by the other entities involved. Director Vega stated that he did not believe that was necessary as PAWSD was only committing to the net shared amount of \$9,432.88 and the entire project could not nearly be completed for that amount. A motion was made by Director Vega and seconded by

Chairman Bunch to approve the District's participation in the Fiber Optic Proposal – Archuleta County Commissioners in the net shared amount of \$9,432.88. The motion passed 4 – 1 with Director Church opposed.

There being no further business to come before the Board, the meeting was adjourned at 2:59 p.m.

Respectfully submitted,

Michael Church

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) S.S.
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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, August 14, 2012 at 2:00 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 – 7/10/12 Regular Meeting and 7/24/12 Special Meeting
 - Investment Report
 - Water Loss Update
3. Public Comment
4. Consideration of Request to Waive Back Availability Fees – Martin/Medina
5. Consideration of Request for Additional EU – Mr. & Mrs. Petr Kukla
6. Consideration of Resolution 2012 – 07 – Resolution to Amend the Resolution Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System
7. Consideration of Letter of Engagement from Ronny Farmer, LLC for 2012 Audit Services
8. Consideration of Letter of Support – H.R. 6089 – The Healthy Forest Management Act of 2012
9. Consideration of Resolution 2012 – 06 – Resolution to Amend the Pagosa Area Water and Sanitation District Colorado County Officials and Employee Retirement Association Participation Agreement Loans to Eligible Borrowers
10. Consideration of Scheduling a District Goals and Objectives Meeting with District Manager
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
AUGUST 14, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams (telephonically), Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, and Renee Lewis. Also present were: Lindsey Bright, Jeff Shamburg, Petr Kukla, Hana Kukla, and J.B. Smith.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:03 p.m. on August 14, 2012.

Approval of the Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the July 10, 2012 Regular Meeting and the July 24, 2012 Special Meeting, the investment reports for June and July, 2012, and the Water Loss Update. Business Services Manager, Shellie Peterson, presented the June and July, 2012 Investment Reports. Director Vega stated for the record that because of the instability of the financial markets underlying the Public Liability Protection Act collateralization of the District's funds, he was not comfortable with the amount of funds being held at Bank of the San Juans. Mrs. Peterson stated that she will comply with that direction by moving more funds into the CDARS investments. District Manager, Ed Winton, presented the Water Loss Update in stating the water loss percentage for the month of July is up from the June percentage of 14% to 19%. He also stated that while the report is presented in a slightly different format, it still reports water loss in gallons as well as percentages and that staff continues to work the system to reduce apparent water losses. A motion was made by Director Vega and seconded by Director Church to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

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

Consideration of Request to Waive Back Availability Fees – Martin/Medina

The Board considered the Request to Waive Back Availability Fees – Martin/Medina (copy attached). A motion was made by Director Vega and seconded by Director Walsh to approve the request to continue to excuse back Availability Fees for Wanita Martin and David Medina due to a lack of change in demand status as determined by the District and directed staff to continue to work with Archuleta County and title companies to develop a mechanism whereby the District is notified prior to the final sales of properties previously combined by the District through in-house resolutions. The motion passed unanimously.

Consideration of Request for an Additional EU – Mr. & Mrs. Petr Kukla

The Board considered the Request for an Additional EU – Mr. & Mrs. Petr Kukla (copy attached). Mr. Kukla explained to the Board that he and his wife would like to request an additional EU for their recently subdivided vacant lot (“Parcel A”) that is adjacent to the parcel on which their house sits (“Parcel B”). A motion was made by Director Vega and seconded by Director Walsh to approve the request by Mr. & Mrs. Petr Kukla for 1 EU for “Parcel A” of “Hana’s Retreat” pursuant to the original Petition for Inclusion, and to direct staff to prepare an amendment to the original Conditions for Inclusion to be filed with the Archuleta County Clerk and Recorder. The motion passed unanimously.

Consideration of Resolution 2012 – 07 – Resolution to Amend the Resolution Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System

The Board considered Resolution 2012 – 07 – Resolution to Amend the Resolution Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System (copy attached). Director Vega suggested the title be changed to “Resolution 2012 – 07 – Resolution to Amend the Resolutions Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System” as it more aptly reflects the amendment of all of the prior resolutions cited in Resolution 2012 – 07. The Board agreed and directed staff to make the change, final edits, and re-present the final version to the Board for approval at the next Regular Meeting in September, 2012.

Consideration of Letter of Engagement from Ronny Farmer, LLC for 2012 Audit Services

The Board considered the Letter of Engagement from Ronny Farmer, LLC for 2012 Audit Services (copy attached). Director Vega stated that contracting with Ronny Farmer, LLC for 2011 Audit Services presented a savings to the District of approximately \$20,000.00 compared to previous years of audit services. A motion was made by Director Vega and seconded by Director Church to authorize PAWSD President/Chairman to execute the Letter of Engagement from Ronny Farmer, LLC for 2012 Audit Services for the amount of \$27,190.00. The motion passed unanimously.

Consideration of Letter of Support – H.R. 6089 – The Healthy Forest Management Act of 2012

The Board considered the Letter of Support – H.R. 6089 – The Healthy Forest Management Act of 2012 (copy attached). Director Vega stated the letter of support should be revised to focus more on wildfire mitigation for the purposes of protecting drinking water sources than simply wildfire mitigation as it more aptly addresses PAWSD concerns. The Board agreed and directed staff to make the necessary revisions. A motion was made by Director Vega and seconded by Director Church to authorize the President/Chairman to sign Letter of Support – H.R. 6089 – The Healthy Forest Management Act of 2012 as amended above and to copy the following: U.S. Senator Michael Bennet, U.S. Senator Mark Udall, U.S. Representative Scott Tipton, Representative J. Paul Brown, Senator Ellen Roberts, and Archuleta County Commissioners. The motion passed unanimously.

Consideration of Resolution 2012 – 06 – Resolution to Amend the Pagosa Area Water and Sanitation District Colorado County Officials and Employee Retirement Association Participation Agreement Loans to Eligible Borrowers

The Board considered Resolution 2012 – 06 – Resolution to Amend the Pagosa Area Water and Sanitation District Colorado County Officials and Employee Retirement Association Participation Agreement Loans to Eligible Borrowers (copy attached). A motion was made by Director Vega and

seconded by Chairman Bunch to adopt Resolution 2012 – 06 – Resolution to Amend the Pagosa Area Water and Sanitation District Colorado County Officials and Employee Retirement Association Participation Agreement Loans to Eligible Borrowers. The motion passed unanimously.

Consideration of Scheduling a District Goals and Objectives Meeting with District Manager

The Board considered scheduling a meeting to discuss the District's goals and objectives for the coming year with the District Manager. Ed Winton requested the Board schedule a meeting with him to discuss the District's goals and objectives for the upcoming year pursuant to the District Manager's employment contract. The Board agreed to discuss the District's goals and objectives for the coming year with the District Manager during the 8-28-12 Regular Work Session.

Other Business

Director Vega requested that staff send a letter to the Webers requesting a Certificate of Insurance that specifically addresses the Sand and Gravel operations as required by the Lease Agreement. Shellie Peterson informed the Board that Archuleta County held a Public Hearing on the PAWSD Service Plan Amendment on August 7, 2012 and it was approved during said Public Hearing. She also informed the Board the County Treasurer, Betty Diller, recently sold at auction three properties that had previously been offered for sale by Treasurer's Deed on August 23, 2011. The properties were sold for the cost of recording the deed. On October 11, 2011, the Board had authorized the write-off of certified amounts, as these properties sold, which for these three properties would be approximately \$6,630.00. J.B. Smith stated to the Board that per the July 10, 2012 Regular Meeting he had asked the County Planning Department if it had any record of his previous lot consolidation attempt and it did not have any record of said consolidation attempt. The Board requested that Mr. Smith inquire of previous lot consolidation attempt with the Pagosa Lakes Property Owners Association and present any record found to the Board at a later date.

There being no further business to come before the Board, the meeting was adjourned at 3:53 p.m.

Respectfully submitted,

Michael Church, Secretary

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 11, 2012 at 2:00 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. 2:00 p.m. Public Hearing - Consideration of Petition for Inclusion – National Christian Foundation Real Property
3. Approval of Consent Agenda
 - Minutes – 8/14/12 Regular Meeting
 - Water Loss Update
 - Certificates of Insurance – Weber Sand & Gravel
4. Public Comment
5. Consideration of Request – Mr. & Mrs. Richard and Sharon Tillison
6. Consideration of Request – Mrs. Lynn Kleinan
7. Consideration of Request for Service Line – Mr. Arthur Gamache
8. Consideration of Request for Sponsorship of Community Development Block Grant – Southwest Colorado Access Network Region 9 Economic Development District
9. Consideration of Approval of Revised District Bylaws
10. Consideration of Letter to Colorado Water Conservation Board
11. Consideration of Approval of District Goals & Objectives 2013
12. Consideration of Resolution 2012 – 07 – Resolutions to Amend the Resolution Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System
13. 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
SEPTEMBER 11, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Art Holloman, and Renee Lewis. Also present were: Lindsey Bright, John Ramberg, Richard Tillison, Sharon Tillison, Mark Weiler, and Ed Morlan.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:00 p.m. on September 11, 2012. The Directors agreed to excuse Directors Michael Church and Roy Vega as they had notified Chairman Bunch earlier they would not be able to attend the meeting.

Public Hearing - Consideration of Petition for Inclusion – National Christian Foundation Real Property

Chairman Bunch opened the Public Hearing regarding the Petition for Inclusion – National Christian Foundation Real Property at 2:02 p.m. The Board considered the Public Hearing – Consideration of Petition for Inclusion – National Christian Foundation Real Property (copy attached). Business Services Manager, Shellie Peterson, explained this agenda item was again before the Board due to a noticing oversight last July; therefore, requiring a properly noticed Public Hearing on the matter. A motion was made by Director Walsh and seconded by Director Adams to ratify the action taken during the July 24, 2012 Special Meeting to include the National Christian Foundation Real Property into PAWSD. The motion passed unanimously.

Approval of the Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the August 14, 2012 Regular Meeting, the Water Loss Update, and the Certificates of Insurance – Weber Sand & Gravel. Director Walsh offered two typo corrections to the minutes. District Manager, Ed Winton, presented the Water Loss Update in stating the water loss percentage for the month of August remained the same as the July percentage of 19%. He also stated that Hatcher and Snowball Water Treatment Plants now have fixed water meters with meter vaults, the proper lay lengths required for meter accuracy, and proper electronics. The San Juan Water Treatment Plant meters are currently being installed and will also have meter vaults, proper lay lengths, and electronics. The Board also reviewed the Certificates of Insurance – Weber Sand & Gravel noting the Farm Bureau policy expires at the end of this month and directed Shellie Peterson to confirm with the policy holder that this policy was in fact being renewed with the same or similar terms as is required by the lease documents. A motion was made by Director Adams and seconded by Director Walsh 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 Request – Mr. & Mrs. Richard and Sharon Tillison

The Board considered the Request – Mr. & Mrs. Richard and Sharon Tillison for compensation for flow-fill costs incurred during the connection to the PAWSD treated water system (copy attached). Mr. & Mrs. Tillison requested compensation for flow-fill costs due to the District field staff decision to set their meter during the recent connection approximately 200 feet from the Tillisons' desired location. Following a lengthy discussion in which the Tillisons and PAWSD staff fielded questions from the Board regarding the unique circumstances of this connection, a motion was made by Director Walsh and seconded by Director Adams to reimburse the Tillisons \$720.00 for the eight hours of backhoe time performed by Mike Bir, which was incurred due to District field staff inability to locate the main water line within the typical and reasonable amount of time. The motion passed unanimously. A motion was made by Director Walsh and seconded by Director Adams to pay \$698.33, half of the flow-fill amount, also due to the excess time required to locate the main water line. The motion passed unanimously.

Consideration of Request – Ms. Lynn Kleiman

The Board considered the Request – Ms. Lynn Kleiman to waive the water charges incurred during a recent leak in her home's irrigation system (copy attached). A motion was made by Director Walsh and seconded by Chairman Bunch to deny this waiver request because while the Board is sympathetic to the economic impact of this water leak event, a 24 month payment arrangement should greatly diminish the overall economic burden. The motion passed unanimously.

Consideration of Request for Service Line – Mr. Arthur Gamache

The Board considered the Request for Service Line – Mr. Arthur Gamache to approve the installation of an abnormally long service line from the main water line to Mr. Gamache's property (copy attached). Ed Winton explained to the Board that a main water line extension would be the preferred and typical means of serving a property in these circumstances, but that Mr. Gamache did not want to pay for a main water line extension. A motion was made by Chairman Bunch and seconded by Director Adams to deny this request as it would create an additional special circumstance that may compromise the integrity of the infrastructure in the future and is in contravention of PAWSD Rules & Regulations. The motion passed unanimously.

Consideration of Request for Sponsorship of Community Development Block Grant – Region 9 Economic Development District of Southwest Colorado

The Board considered the Request for Sponsorship of Community Development Block Grant – Region 9 Economic Development District of Southwest Colorado (copy attached). Region 9 Economic Development District of Southwest Colorado Executive Director, Ed Morlan, presented the Request for Sponsorship of Community Development Block Grant in stating that by PAWSD sponsoring this project, which would enable Parelli Natural Horsemanship, Inc. (Parelli) to connect to PAWSD treated water system, it would also aid in the facilitation of job creation in the area primarily at the Parelli facility west of Pagosa Springs, CO. Following a lengthy discussion in which Mr. Morlan, PAWSD staff, and Mark Weiler of Parelli fielded questions from the Board regarding the details of the grant, its relationship to PAWSD, and associated PAWSD obligations, a motion was made by Director Adams and seconded by Director Walsh to sponsor the Community Development Block Grant from Region 9 Economic Development District of Southwest Colorado to Parelli for the purpose of connecting to the PAWSD treated water system. The motion passed unanimously. Mr. Morlan also confirmed his receipt of the letter from the PAWSD Chairman/President, dated August 14, 2012, requesting the removal of references to PAWSD as

a primary partner in the Archuleta County Community Development Action Plan (CDAP) project “Expand Pagosa Area Water & Sanitation District Raw Water Supply and Treatment and Distribution Capacity” and that the requested changes have been made to the CDAP.

Consideration of Approval of Revised District Bylaws

The Board considered the Approval of Revised District Bylaws (copy attached). Special projects Manager, Renee Lewis, presented the Approval of Revised District Bylaws in stating the substantive changes primarily focused on the change in meeting times and the revisions to the local preference policy. A motion was made by Director Adams and seconded by Director Walsh to approve the Revised District Bylaws as presented. The motion passed unanimously.

Consideration of Letter to Colorado Water Conservation Board

The Board considered the Letter to Colorado Water Conservation Board (copy attached). Shellie Peterson offered to draft a letter on behalf of the PAWSD Board to the Colorado Water Conservation Board regarding the status of the loan to purchase the property for the Dry Gulch Reservoir Project, but required guidance as to whether the Board would like to request an extension of time in order to declare the project in “substantial completion” or to declare the project to be in “substantial completion” so as to allow for PAWSD to begin making payments on the principal balance of the loan. A motion was made by Director Walsh and seconded by Director Adams to authorize the Chairman/President to execute a letter to the Colorado Water Conservation Board declaring PAWSD to be in “substantial completion” on the Dry Gulch Reservoir Project. The motion passed unanimously.

Consideration of Approval of District Goals & Objectives 2013

The Board considered the Approval of District Goals & Objectives 2013 (copy attached). Ed Winton presented the Approval of District Goals & Objectives 2013 in stating that he wished to add Water Loss to the presented Approval of District Goals & Objectives 2013. A motion was made by Director Walsh and seconded by Director Adams to approve the District Goals & Objectives 2013 as amended above. The motion passed unanimously.

Consideration of Resolution 2012 – 07 – Resolution to Amend the Resolutions Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System

The Board considered the Resolution 2012 – 07 – Resolution to Amend the Resolutions Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System (copy attached). A motion was made by Director Walsh and seconded by Director Adams to adopt Resolution 2012 – 07 – Resolution to Amend the Resolutions Adopting Policy to Determine Equivalent Units for New or Change of Use Commercial and Residential Connections to the District’s Municipal Water System as it adequately captured of the intent of the Board’s August 14, 2012 decision to change the PAWSD Equivalent Unit Policy for future residential accounts with a one inch meter to be considered 1 Equivalent Unit for planning and billing purposes. The motion passed unanimously.

Other Business

The Board agreed that the fee for commercial water haulers of \$10.00/1000 gallons is unfairly higher than that for the individual water haulers at the fill stands of \$7.58/1000 gallons. PAWSD staff could not provide a reason for the discrepancy as it had simply been always historically higher. A motion was made by Director Adams and seconded by Director Walsh to amend the PAWSD Schedule of Fees & Charges by removing the higher fee for commercial water haulers; thus, charging all water haulers the same price of \$7.58/1000 gallons. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 5:03 p.m.

Respectfully submitted,

Michael Church
Secretary

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 9, 2012 at 2:00 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 – 9/11/12 Regular Meeting
 - Water Loss Update
 - Investment Report
 - Financial Statements
3. Public Comment
4. Review of Draft Proposed 2013 Budget
5. Consideration of Hold Harmless Agreement for Customer Water Service Turn-on
6. Consideration of Awarding 2013 Contract for District Contractor – Hart Construction
7. 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 9, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams (telephonically), Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, and Gregg Mayo. Also present: Lindsey Bright, Jeff Shamburg, Bob Hart, and Bobby Hart.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:00 p.m. on October 9, 2012.

Approval of the Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the September 11, 2012 Regular Meeting, Water Loss Update, Investment Report, and Financial Statements. District Manager, Ed Winton, presented the Water Loss Update, stating the water loss percentage for the month of September is up from the August percentage of 19% to 27%. Mr. Winton reminded the Board that the meters for the water treatment plants are still being properly installed and as this process is completed the water loss percentage may continue to increase as overall water accounting accuracy of the system is improved. Mr. Winton also stated the Eagle Peak Water Storage Tank is undergoing improvements as it is currently being manually operated and has overflowed on a few occasions. This issue will hopefully be addressed once the improvements have been made. Business Services Manager, Shellie Peterson, provided the Investment Report and Financial Statements, stating that very little has changed in the amount of invested funds since she provided the last Investment Report on August 14, 2012, except that in response to Director Vega's concerns and Board direction, also conveyed on August 14, 2012, she has withdrawn approximately \$1,659,703.00 from the Bank of the San Juans and invested those funds into CDARS and Colotrust. This resulted in a decrease in the percentage of funds invested with the Bank of the San Juans from 46% to 32%. A motion was made by Director Vega and seconded by Chairman Bunch to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

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

Review of Draft Proposed 2013 Budget

The Board reviewed the Draft Proposed 2013 Budget in preparation for the Public Hearing on the PAWSD 2013 Budget on November 13, 2012 (copy attached).

Consideration of Hold Harmless Agreement for Customer Water Service Turn-on

The Board considered the Hold Harmless Agreement for Customer Water Service Turn-on (copy attached). Ed Winton presented the Hold Harmless Agreement for Customer Water Service Turn-on,

stating that it is being provided as a convenience for customers that wish to have their water service turned on when they cannot be present at the property. Director Walsh requested the customer's responsibility be more clearly provided at the bottom of the agreement near the signature block to more completely notice customers of the liability they are assuming by signing said agreement. A motion was made by Director Vega and seconded by Director Walsh to approve the Hold Harmless Agreement for Water Service Turn-on as amended above. The motion passed unanimously.

Consideration of Awarding 2013 Contract for District Contractor – Hart Construction Corp.

The Board considered Awarding 2013 Contract for District Contractor – Hart Construction Corp. (copy attached). Director Vega noted for clarification this is the third and final extension of the original 2009 contract for District contractor with Hart Construction Corp. and the contract for District contractor will be publicly bid in December, 2013. A motion was made by Director Church and seconded by Chairman Bunch to award the 2013 Contract for District Contractor to Hart Construction Corp. and to direct Projects Manager, Gregg Mayo, to execute the necessary change order to effect this award. The motion passed unanimously.

Other Business

Ed Winton informed the Board and the public present that Lake Forest Circle will likely be closed Friday, October 12, 2012 in order to run the water pipeline from Lake Forest to the San Juan Water Treatment Plant. The road will also likely be closed on a future day in order to make the necessary road repairs. Mr. Winton also requested the October 23, 2012 Work Session be changed to a Special Meeting to allow for the presentation and consideration of the PAWSD 2012 Drought Management Plan. Director Church, Board representative on the Drought Management Plan Drought Committee, stated that he would not likely be able to make that meeting and would like to be present when the 2012 Drought Management Plan is presented. The Board agreed the Drought Management Plan presentation should be placed on the agenda for the November 13, 2012 Regular Meeting to accommodate Director Church's schedule. Director Vega provided a report on the Audit Committee meeting held on October 9, 2012, stating the Committee had decided not to bid the accounting services provided by Karla Clark, Clark, White & Associates. At the recommendation of Ronny Farmer, District Auditor, the Audit Committee decided to request an updated proposal from Ms. Clark based upon a more limited scope of work as determined in the Audit Committee meeting.

There being no further business to come before the Board, the meeting was adjourned at 4:53 p.m.

Respectfully submitted,

Michael Church

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 Tuesday, October 23, 2012 at 2:00 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 Special Meeting will be held at the District Office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

The Proposed Agenda is as follows:

1. Request for Water and Sewer Main Line Extension – Wyndham Pagosa Springs
2. Request for Sewer Connection Using Existing Customer Lateral – Godo/Hessman
3. Executive Session Pursuant to Section Described Above
4. 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 23, 2012 SPECIAL MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Randy Bishop, Gregg Mayo, and Renee Lewis. Also present: Lindsey Bright, Jeff Shamburg, Art Dillione, Wade Henderson, Theodore Godo, Tor Hessman, and John Ramberg.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:10 p.m. on October 23, 2012.

Request for Sewer Connection Using Existing Customer Lateral – Godo/Hessman

The Board agreed to amend the agenda to allow for Mr. Theodore Godo and Mr. Tor Hessman to present their request ahead of the Wyndham Pagosa Springs request. The Board considered the Request for Sewer Connection Using Existing Customer Lateral – Godo/Hessman (copy attached). Mr. Hessman presented the request for a variance from the current policy, which only allows for new sewer connections to tap into the wastewater system through a PAWSD main line. Mr. Hessman stated that due to incorrect information provided by PAWSD staff, he would have to incur increased costs for his client, Mr. Godo, in order to make a sewer connection into a PAWSD main line located across the road instead of an existing customer lateral. A motion was made by Director Adams and seconded by Chairman Bunch to deny Mr. Hessman's request for a variance. The motion failed 0 – 4 with Director Church abstaining owing to his arrival from a Town of Pagosa Springs meeting in mid-discussion of the request. A motion was made by Director Walsh and seconded by Director Vega to agree to either accept a valid property owner agreement between Mr. Godo and the owner(s) of said existing customer lateral for the joint use of the lateral or, in the absence of such agreement, compensate Mr. Godo up to \$1,100.00 for incremental costs associated with tapping into the system through a PAWSD main line. The motion failed 2 – 2 with Chairman Bunch and Director Adams voting against and Director Church abstaining. A motion was made by Director Walsh and seconded by Director Vega to agree to accept a valid property owners agreement between Mr. Godo and the owner(s) of said existing customer lateral for the joint use of the lateral or, in the absence of such agreement, compensate Mr. Hessman up to \$1,000.00 for incremental costs associated with tapping into the system through a PAWSD main line. The motion passed 4 – 0 with Director Church abstaining.

Request for Water and Sewer Main Line Extension – Wyndham Pagosa Springs

The Board considered the Request for Water and Sewer Main Line Extension – Wyndham Pagosa Springs (copy attached). District Manager, Ed Winton, presented the Request for Water and Sewer Main Line Extension – Wyndham Pagosa Springs, stating that PAWSD had agreed to incur the costs of looping the main line extension into the existing infrastructure at a later date because of the overall benefit to the PAWSD infrastructure provided by Wyndham Pagosa Springs installing new service lines. He added that

because of these benefits PAWSD staff recommends the approval of the request for water and sewer main line extension. A motion was made by Chairman Bunch and seconded by Director Vega to approve the Request for Water and Sewer Main Line Extension – Wyndham Pagosa Springs. The motion passed unanimously.

Public Comment

The Board agreed to amend the agenda to provide time for public comment. Chairman Bunch opened the meeting to public comment. Jeff Shamburg, Bartlett & West, Inc., provided a presentation on hydropower and the potential costs and benefits for PAWSD to invest in hydropower for future projects (copy attached). Following a lengthy discussion and in light of the potential benefits of hydropower, a motion was made by Director Vega and seconded by Director Church to authorize Bartlett & West, Inc. to include the PAWSD San Juan Water Treatment Plant to the Town of Pagosa Springs water transmission line and the relevant scope of work in the project design and bid for the sewer line from the Town of Pagosa Springs to the PAWSD Vista Wastewater Treatment Plant. The motion passed unanimously.

Other Business

Director Vega brought to the Board's attention complaints from property owners in the Vista subdivision regarding the recent increase in odors from the PAWSD Vista Wastewater Treatment Plant. Chairman Bunch explained that currently the centrifuge is not operating correctly and is producing sludge that is too wet. Art Dilione, Bartlett & West, Inc., stated their staff will be addressing this issue next week.

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

A motion was made by Director Vega and seconded by Director Church to enter into Executive Session at 4:45 p.m. for the purposes of discussing personnel matters, pursuant to Section 24-6-402(4)(f), C.R.S. at the request of the employee. The motion passed unanimously.

Return to Open Session

Upon returning to Open Session at 5:12 p.m., a motion was made by Chairman Bunch and seconded by Director Adams to approve the personnel changes discussed in Executive Session. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Michael Church
Secretary

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

NOTICE OF REGULAR MEETING and PUBLIC HEARINGS

NOTICE IS HEREBY GIVEN that a Regular Meeting and Public Hearings of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, November 13, 2012 at 2:00 p.m. The Regular Meeting and Public Hearings 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 – 10/9/12 Regular Meeting and 10/23/12 Special Meeting
Water Loss Update
3. 2:30 p.m. Public Hearing – Consideration of Amended 2012 Budget and Proposed 2013 Budget
4. 3:00 p.m. Public Hearing – Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer
 - a) Consideration of Letters of Request Received
 - b) Consideration of Resolution to Certify Delinquent Accounts
5. Public Comment
6. Consideration of Augmentation Plan Proposal – Eric Bikis, Bikis Water Consultants, LLC
7. Consideration of Request Regarding Mill Creek POA Inclusion
8. Consideration of Central Collection Services Contract Amendment for 2013
9. Consideration of Karla Clark, Clark, White, & Associates, Inc. Engagement Letter
10. Consideration of Drought Management Plan Update
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

PAGOSA AREA WATER AND SANITATION DISTRICT
RECORD OF PROCEEDINGS
NOVEMBER 13, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Nancy Stahl, and Gregg Mayo. Also present: Lindsey Bright, Jeff Shamburg, Art Dilione, and John Ramberg.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:06 p.m. on November 20, 2012.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the October 9, 2012 Regular Meeting and October 23, 2012 Special Meeting, and the Water Loss Update. District Manager, Ed Winton, presented the Water Loss Update, stating the water loss percentage for the month of October is up from the September percentage of 27% to 34%. Mr. Winton reminded the Board that the meters for the San Juan Water Treatment Plant are not yet reading correctly and as this is now PAWSD primary water treatment plant, it is likely this is the main cause of the increase in the water loss percentage. A motion was made by Director Vega and seconded by Director Walsh to approve the Consent Agenda as presented. The motion passed unanimously.

Public Hearing – Consideration of Amended 2012 Budget and Proposed 2013 Budget

Chairman Bunch opened the Public Hearing – Consideration of Amended 2012 Budget and Proposed 2013 Budget at 2:30 p.m.

The Board considered the Amended 2012 Budget and Proposed 2013 Budget (copy attached). Business Services Manager, Shellie Peterson, presented the Amended 2012 Budget and Proposed 2013 Budget highlighting the major revisions since the last presentation at the October 9, 2012 Regular Meeting and reminded the Board there will be further revisions prior to the final presentation tentatively scheduled for December 11, 2012. The Board agreed to review and discuss this item in greater detail at its next Regular Work Session on November 27, 2012. There were no comments or questions from the public.

Chairman Bunch closed the Public Hearing – Consideration of Amended 2012 Budget and Proposed 2013 Budget at 2:55 p.m.

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

Chairman Bunch opened the Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer at 3:04 p.m.

There were no specific letters of request from customers to review or consider.

The Board considered the Certification of Delinquent Accounts to County Treasurer (copy attached). Shellie Peterson presented the Certification of Delinquent Accounts to County Treasurer, stating that all of the accounts being certified this year have previously been certified to the County Treasurer. New delinquent accounts are being processed internally with notice sent that should the account not be paid in full within 30 days it will be turned over to a state collections agency, Central Collection Services. A brief report regarding the results of these collection procedures was reviewed (copy attached). Regarding the account to be certified to the County Treasurer, Mrs. Peterson reminded the Directors of the actions taken by the County Treasurer to remove all previous assessments through the issuance of a Treasurer's Deed in an attempt to bring delinquent properties back in a current pay status and the resulting write-offs to the District. In that light, she suggested that all of the late fees and interest charges on these accounts be removed prior to Certification, so that these account balances would not continue to grow larger by other than the principal charges; therefore not exasperating the situation of these possibly uncollectable accounts being written-off in the future by the issuance of a Treasurer's Deed. Discussion continued regarding further actions being necessary in the coming year to continue to write-down these possibly uncollectable accounts further and it was the consensus of the Directors that further actions would likely be necessary. Mrs. Peterson indicated that the 2013 proposed budget did indeed contain an allowance for that action. A motion was made by Director Vega and seconded by Director Adams to permanently waive all late fees and interest charges for the certified delinquent accounts dated November 13, 2012. The motion passed unanimously. A motion was made by Director Vega and seconded by Director Adams to adopt Resolution 2012 – 08 – Resolution to Certify Delinquent Accounts to County Treasurer as amended by the previous motion. The motion passed unanimously. There were no comments or questions from the public.

Chairman Bunch closed the Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer at 3:56 p.m.

Public Comment

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

Consideration of Augmentation Plan Proposal – Eric Bikis, Bikis Water Consultants, LLC

The Board considered the Augmentation Plan Proposal – Eric Bikis, Bikis Water Consultants, LLC (copy attached). A motion was made by Chairman Bunch and seconded by Director Walsh to restate the current policy and Section 11.1 of the District's Rules and Regulations to prohibit PAWSD participation in the augmentation plans of other parties, as well as the unlikelihood of the Board to grant a waiver of this policy and Section 11.1 of the District's Rules and Regulations. The motion passed unanimously.

Consideration of Request Regarding Mill Creek POA Inclusion

The Board considered the Request Regarding Mill Creek POA Inclusion (copy attached). Shellie Peterson presented the request from the Mill Creek POA, stating the POA wished to have the Board agree to accept payments towards the inclusion with the understanding that these payments would be refunded should the inclusion not be successful. Mrs. Peterson reminded the Board there are certain administrative and legal costs the District would incur and these would not be able to be refunded to the POA once the inclusion request is filed with District Court. The Board directed Mrs. Peterson to draft and execute a letter to the POA stating it would accept all inclusion fees and charges as a whole, but not payments, and these would not be refundable once the inclusion request is filed with District Court.

Consideration of Central Collection Services Contract Amendment for 2013

The Board considered the Central Collection Services contract amendment for 2013 (copy attached). Shellie Peterson presented the Central Collection Services contract amendment for 2013, stating the program had been successful over the past year in collecting on delinquent accounts and she would recommend extending the contract for 2013. A motion was made by Director Vega and seconded by Director Church to renew the contract with Central Collection Services for 2013. The motion passed unanimously.

Consideration of Karla Clark, Clark, White, & Associates, Inc. Engagement Letter

The Board considered the Karla Clark, Clark, White, & Associates, Inc. Engagement Letter (copy attached). Shellie Peterson presented Karla Clark, Clark, White, & Associates, Inc. Engagement Letter, stating that following an Audit Committee Meeting on October 12, 2012 a Request for Proposal based upon a revised scope of work was sent to Karla Clark and attached is her Engagement Letter. Mrs. Peterson also stated the revised scope of work should provide a savings of \$7,240.00 so long as there are no significant issues that arise during the upcoming 2012 audit. A motion was made by Director Vega and seconded by Director Church to authorize the District Manager to execute the Karla Clark, Clark, White, & Associates, Inc. Engagement Letter for the 2012 audit. The motion passed unanimously.

Consideration of Drought Management Plan Update

The Board considered the Drought Management Plan Update (copy attached). Special Projects Manager, Renee Lewis, presented the Drought Management Plan Update, stating that she had intended to have the plan ready for review on November 7, 2012, but was unable to finish the plan until November 11, 2012. In light of the short timeline for review, the Board agreed to review and discuss this item in greater detail at its next Regular Work Session on November 27, 2012.

Other Business

Art Dilione and Jeff Shamburg, Bartlett & West, Inc., provided an update on the firm's findings following a review of the Vista Wastewater Treatment Plant operations, stating they intend to recommend the installation of a new pipeline that will allow the wastewater facility to utilize just one of its largest and most efficient blowers for the entire facility; thereby, eliminating two older and less efficient blowers and realizing a significant energy saving for the District in the future.

There being no further business to come before the Board, the meeting was adjourned at 5:17 p.m.

Respectfully submitted,

Michael Church

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, December 11, 2012 at 2:00 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 – 11/13/12 Regular Meeting
Water Loss Update
3. Public Comment
4. Consideration of Amended 2012 Budget and Proposed 2013 Budget and Certification of Mill Levies
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
DECEMBER 11, 2012 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh.

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present: Lindsey Bright, Jeff Shamburg, John Ramberg, Paul Hansen, Glenn Robinson, and Lee Vorhies.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:06 p.m.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the November 13, 2012 Regular Meeting and the Water Loss Update. District Manager, Ed Winton, presented the Water Loss Update, stating the water loss percentage for the month of November is down from the October percentage of 34% to 28%. Mr. Winton stated that while all the water treatment plants are now metered and staff is able to isolate different areas of the distribution system, these improvements were implemented just recently and have yet to produce enough productive data for analysis. A motion was made by Director Walsh and seconded by Director Church to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. Paul Hansen offered comments on the Proposed 2013 Budget and Certification of Mill Levies, stating that he would like to remind the Board of the continued negative impacts of the economy on the Pagosa Springs community and asked the Board to take a hard look at the expenditures in the Proposed 2013 Budget.

Consideration of Amended 2012 Budget and Proposed 2013 Budget and Certification of Mill Levies

The Board considered the Amended 2012 Budget and Proposed 2013 Budget and Certification of Mill Levies (copy attached). Business Services Manager, Shellie Peterson, presented the Amended 2012 Budget and Proposed 2013 Budget and Certification of Mill Levies, stating the amendment to the 2012 Budget is necessary because of the General Obligation Bond Refunding Issue and the timing of the ARRA projects bridging 2011 and 2012. A motion was made by Director Vega and seconded by Director Walsh to adopt Resolution 2012 – 09 Resolution to Amend 2012 Budget. The motion passed unanimously. Following a lengthy discussion in which Directors Church and Walsh expressed concerns regarding some of the projects in the Capital Improvements Plan, a motion was made by Director Walsh and seconded by Director Church to adopt Resolution 2012 – 10 Resolution to Adopt the 2013 Budget, but to not appropriate funds for the following PAWSD main campus projects and equipment for 2013: phase II completion of pole barn, drinking water fill stand, slurry seal for existing asphalt, security

cameras, and vehicle replacement. The amount saved on these projects, \$417,784.00, would instead be applied to completing the Lake Forest pump station project and the remaining \$2.6 million in the 2006 Revenue Bond monies remains in the 2013 Budget, but open for discussion as to its future use. The motion passed unanimously. A motion was made by Director Vega and seconded by Director Church to authorize the PAWSD Chairman and the Treasurer to execute the documents necessary to certify the Mill Levy of 13.520 for District 1 (6.090 Operating, 7.360 Debt Service, and .070 Abatement) and 5.784 for District 2 (1.949 Operating, 3.780 Debt Service, and .055 Abatement) as presented. The motion passed 4 – 0 as Director Adams was not present for this vote.

Other Business

Ed Winton confirmed with the Board its decision to not participate in the area cloud seeding program for 2013. The Board agreed to cancel the regular December work session as it fell on December 25, 2012, which is a government holiday and the PAWSD offices are closed. Director Vega agreed to speak with the President of the Southwest Land Alliance regarding the letter to the PAWSD and San Juan Water Conservancy District Presidents dated November 10, 2012 (copy attached). Special Projects Manager, Renee Lewis, reminded the Board that she had sent by email on October 31, 2012 a letter from Mr. Theodore Godo and Mr. James Corboy regarding their agreement for the joint use of Mr. Corboy's sewer service line (copy attached).

There being no further business to come before the Board, the meeting was adjourned at 4:42 p.m.

Respectfully submitted,

Michael Church