

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, January 8, 2013, 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 – 6/26/12 Special Meeting and 12/11/12 Regular Meeting
Water Loss Update
3. Public Comment
4. Consideration of Request for Waiver of Charges – Larry Fisher
5. Consideration of Resolution 2013 – 01 – Board of Directors Annual Posting for Meetings
6. Consideration of Work Order for Master Plan Water Modeling – Bartlett & West, Inc.
7. Consideration of Rotating Chairmanship
8. Consideration of Revenue Bond Board Policy
9. Consideration of Dissolution of the CIP Committee
10. Re-consideration of CIP Decisions at the December 11, 2012 Board Meeting
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
JANUARY 8, 2013 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 Nancy Stahl. Also present: Lindsey Bright, Art Dilione, Larry Fisher, John Ramberg, and Mark Weiler.

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.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the June 26, 2012 Special Meeting, the minutes for the December 11, 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 December is down from the November percentage of 28% to 27%. Mr Winton stated that PAWSD field staff had discovered and repaired 16 leaks throughout the distribution system during the month of December and continues to have a few tank overflows, but these numbers are drastically reduced from prior months. He also stated the complete meter changeout program for the entire District is almost finished except for a few of the larger residential/commercial meters. A motion was made by Director Vega and seconded by Director Adams to approve the Consent Agenda as presented. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. Mark Weiler, on behalf of the Community Development Corporation, requested the Board participate in the initial meeting of the 84 Corridor Task Force. A motion was made by Director Vega and seconded by Chairman Bunch to appoint Director Walsh as the PAWSD representative, as well as Art Dilione, Bartlett & West, Inc. on a community volunteer basis, for the initial meeting of the 84 Corridor Task Force. The motion passed 3 – 2 with Directors Adams and Church opposed.

Consideration of Request for Waiver of Charges – Larry Fisher

The Board considered the Request for Waiver of Charges – Larry Fisher (copy attached). Larry Fisher presented his Request for Waiver of Charges which stemmed from a leak event that occurred at his place of business. Chairman Bunch confirmed that Mr. Fisher did qualify for a leak rate adjustment and PAWSD staff had adjusted his account accordingly, but that he would like the entire amount waived. Following a lengthy discussion in which the majority of the Board Members shared their personal leak experiences and agreed the current leak policy to be the fairest option available to all, a motion was made

by Chairman Bunch and seconded by Director Adams to deny the request for a waiver of charges. The motion passed unanimously.

Consideration of Resolution 2013 – 01 – Board of Directors Annual Posting for Meetings

The Board considered Resolution 2013 – 01 – Board of Directors Annual Posting for Meetings (copy attached). Chairman Bunch presented the Resolution 2013 – 01 – Board of Directors Annual Posting for Meetings as an annual statutory requirement. A motion was made by Director Vega and seconded by Chairman Bunch to adopt Resolution 2013 – 01 – Board of Directors Annual Posting for Meetings. The motion passed unanimously.

Consideration of Work Order for Master Plan Water Modeling – Bartlett & West, Inc.

The Board considered the Work Order for Master Plan Water Modeling – Bartlett & West, Inc. (copy attached). Ed Winton presented Work Order for Master Plan Water Modeling – Bartlett & West, Inc., stating that staff has been waiting to present this work order until the 2013 funds to complete the water model became available. Following a lengthy discussion in which Art Dilione, Bart & West, Inc., fielded questions from the Directors regarding the water model project, a motion was made by Director Adams and seconded by Chairman Bunch to approve the above stated work order. The motion passed unanimously.

Consideration of Rotating Chairmanship

The Board considered Rotating Chairmanship. Director Church presented Rotating Chairmanship, stating that in light of the fact that Archuleta County Commissioners rotate chairmanship annually and the recent email sent by Chairman Bunch to Director Church dated December 17, 2012, he wished to propose a rotating chairmanship whereby annually or every six months the chairmanship would be offered to a new Board Member, but no one is required to except the position. Following a lengthy discussion in which the Directors expressed their opinions on the proposal, a motion was made by Director Church and seconded by Director Walsh to rotate the chairmanship annually, allowing any Director to pass if they were not inclined to take the position. The motion failed 2 – 2 with Chairman Bunch and Director Adams opposed. Director Vega abstained due to his position Vice-Chairman. A motion was made by Director Vega and seconded by Chairman Bunch to reconsider a rotating chairmanship again in six months. The motion failed 2 – 3 with Directors Church, Walsh, and Adams opposed.

Consideration of Revenue Bond Board Policy

The Board considered developing a Revenue Bond Board Policy. Chairman Bunch presented Revenue Bond Board Policy, stating that he requested this item be placed on the agenda because he thought it beneficial for the Board to discuss and provide staff with direction as to the Board's position on Revenue Bonds. The item was discussed at length with no action taken.

Consideration of Dissolution of the CIP Committee

The Board considered the Dissolution of the CIP Committee. Chairman Bunch presented the Dissolution of the CIP Committee, stating that he requested this item be on the agenda because he believed the CIP Committee was not operating in the manner it was intended. A motion was made by Director Vega and seconded by Director Adams to replace the current CIP Committee of two Board Members with a CIP

Committee of the entire Board in order to make recommendations on future capital improvement projects. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Re-consideration of CIP Decisions at the December 11, 2012 Board Meeting

The Board considered Re-consideration of CIP Decisions at the December 11, 2012 Board Meeting. Director Adams presented Re-consideration of CIP Decisions at the December 11, 2012 Board Meeting, stating his justifications for reinstating all of the projects that were removed from the CIP at the December 11, 2012 board meeting. Following a lengthy discussion in which the Directors discussed the merits of the projects, the Board agreed to table this item for the January 22, 2013 Work Session. A motion was made by Director Adams and seconded by Director Vega to reinstate the security cameras project into the CIP. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Other Business

Business Services Manager, Shellie Peterson, informed the Board that she was in receipt of Equity-Buy-in Fees from Mill Creek property owners and needed to publish a Notice of Public Hearing for the Board to consider the inclusion of those properties into the District. The Board directed Mrs. Peterson to proceed with publishing the Notice of Public Hearing for February 12, 2013.

There being no further business to come before the Board, the meeting was adjourned at 6:56 p.m.

Respectfully Submitted,

Michael Church
Secretary

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

NOTICE OF REGULAR MEETING AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a Regular Meeting and Public Hearing of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, February 12, 2013, 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 – 1/8/13 Regular Meeting
 - Water Loss Update
 - Archuleta County Area Construction Update – John Ruyle
3. Public Comment
4. Public Hearing – 2:30 – Mill Creek POA Inclusion and Consideration of Order of Inclusion
5. Consideration of Review of Non-rate Revenues
6. Consideration of Solarbee Purchase
7. Consideration of Backhoe Loader Purchase
8. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 12, 2013 REGULAR MEETING

Attendance

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

In attendance from staff: Shellie Peterson, Gregg Mayo, Michael Medici, and Renee Lewis. Also present: Melissa Stedman, Randi Pierce, John Ramberg, Bobby Hart, John Ruyle, H. Wayne Wilson, and Donna Wilson.

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.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the January 8, 2013 Regular Meeting, Water Loss Update, and the Archuleta County Area Construction Update – John Ruyle. Meter Services Supervisor, Michael Medici, presented the Water Loss Update, stating the water loss for the month of January is up from the month of December amount of 8.3 million gallons to 12.4 million gallons. Mr. Medici stated that staff has recently been able to use water production data from the AMI metering system instead of the Caselle billing system, which captured slightly more than a million gallons this past month when compared to the Caselle billing system. He further stated that he is uncertain whether this will be a consistent data trend as this was the first time staff had used this procedure to collect water production data. Mr. Medici also described a recent customer leak that he believes passed in excess of 1 million gallons before it was discovered by PAWSD staff the week of February 4, 2013. Archuleta County Building Inspector, John Ruyle, presented the Archuleta County Area Construction Update, stating that all permits issued for 2012, 212, rivaled the number of permits issued in 2008 at 245 and the building industry for single-family homes is on a positive trend. The Board expressed widespread skepticism about the health of the construction industry in Archuleta County with Director Walsh commenting that single family home construction remains at 80% below the average construction levels prior to the recession. 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 – Mill Creek POA Inclusion and Consideration of Order of Inclusion

Chairman Bunch opened the Public Hearing regarding the Mill Creek POA Inclusion and Consideration of Order of Inclusion at 2:31 p.m. The Board considered the Order of Inclusion – Mill Creek POA (copy attached). Business Services Manager, Shellie Peterson, presented the Mill Creek POA Inclusion and Consideration of Order of Inclusion, stating the Equity Buy-in Fees of \$41,188.00 have been collected for the seven properties requesting inclusion. H. Wayne Wilson, Mill Creek property owner requesting the inclusion, stated the property owners plan to privately fund the costs of installing the infrastructure and intend to convey to PAWSD at the completion of the installation said infrastructure. Project Manager, Gregg Mayo, confirmed the infrastructure would have to pass a specifications inspection prior to such conveyance and that may include an engineer's review pursuant to the District's Rules & Regulations. A motion was made by Chairman Bunch and seconded by Director Church to authorize the Secretary to

sign the Order of Inclusion on behalf of the Board and directed staff to initiate the appropriate District Court proceedings for the inclusion. The motion passed unanimously. The Public Hearing was closed at 2:47 p.m.

Public Comment

Chairman Bunch opened the meeting to public comment. John Ramberg offered comments on his recent presentation to the San Juan Water Conservancy District and the Water Loss Update.

Consideration of Review of Non-rate Revenues

The Board considered the Review of Non-rate Revenues (copy attached). Shellie Peterson presented Review of Non-rate Revenues, stating this is the time of year when the Board typically sets the Non-rate Revenues through the approval of the Schedule of Fees and Charges. Following a lengthy discussion in which Mrs. Peterson fielded many questions from the Board regarding the basis for different fees and charges, the schedule for the upcoming comprehensive rate study, and staff's ability to conduct regular business using the current Schedule of Fees and Charges, a motion was made by Director Vega and seconded by Director Adams to extend the 2012 Schedule of Fees and Charges until further Board action expected to be taken in 2013. The motion passed unanimously.

Consideration of Solarbee Purchase

The Board considered the Solarbee Purchase (copy attached). Gregg Mayo presented the Solarbee Purchase, stating he recommended purchasing the reconditioned units as they were just as reliable as the new models and guaranteed by the manufacturer. Members of the Board commended staff on recommending cost-saving measures to purchase reconditioned Solarbee units rather than new units. A motion was made by Director Vega and seconded by Chairman Bunch to authorize the purchase of three reconditioned Solarbee units for a total cost of \$116,937.00, which is under the original budgeted amount by \$48,063.00. The motion passed unanimously.

Consideration of Backhoe Loader Purchase

The Board considered Backhoe Loader Purchase (copy attached). Gregg Mayo presented the Backhoe Loader Purchase, stating he recommended the purchase of the Volvo model based on the complete package and price. Director Church stated while he appreciated staff's cost-cutting efforts, he believed the rockbar attachment to be a piece of equipment that should be rented in the incidents of need instead of purchasing outright. Director Adams stated he believed this to be a worthwhile piece of equipment that would decrease the potential for misuse of other PAWSD equipment. A motion was made by Director Vega and seconded by Chairman Bunch to authorize staff to purchase the Volvo Backhoe Loader with the attachments for a total cost of \$84,482.00. The motion passed 4 -1 with Director Church opposed.

There being no further business to come before the Board, the meeting was adjourned at 4:14 p.m.

Respectfully submitted,

Michael Church

Secretary

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

NOTICE OF REGULAR MEETING

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, March 12, 2013, 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 – 2/12/13 Regular Meeting
Water Loss Update
3. Public Comment
4. Consideration of Request for Waiver of Charges – Cynda Green
5. Consideration of 2013 Rate Study – Fernando Aranda, StepWise Utility Advisors
6. Consideration of Bidding Format for Sewer Line from Town of Pagosa Springs to PAWSD Main Campus
7. Consideration of Bidding Format for Water Line from Meadows Subdivision to Town of Pagosa Springs
8. Consideration of Sewage Receiving Station
9. Consideration of San Juan Backwash Pond Excavation and Liner
10. Consideration of Pipeline Inspection Trailer
11. Consideration of Board Meeting Schedule for 2013
12. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 12, 2013 REGULAR MEETING

Attendance

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

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, Michael Medici, Nancy Stahl, and Renee Lewis. Also present: Melissa Stedman, Cynda Green, Bill Hudson, John Ramberg, Jeff Shamburg, and Art Dilione.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Vice-Chairman Roy Vega at 2:09 p.m.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the February 12, 2013 Regular Meeting and the Water Loss Update. In response to the Archuleta County Area Construction Update presented by John Ruyle, Archuleta County Building Inspector, Director Walsh requested the following qualifying statement be added to the February 12, 2013 Regular Meeting minutes "The Board expressed widespread skepticism about the health of the construction industry in Archuleta County with Director Walsh commenting that single family home construction remains at 80% below the average construction levels prior to the recession." Director Walsh also commented that he would prefer the minutes reflect more detail of the public comments made during the meetings. The majority of the Board agreed and directed Renee Lewis, Special Projects Manager, to solicit written comments from those who wished to have their comments memorialized in detail in the meeting minutes. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of February is up from the month of January amount of 12.4 million gallons to 17.692 million gallons. Mr. Winton stated that while PAWSD staff has found a couple a larger leaks over the last month, he believes that a few more will be captured in next month's report. He also stated that he is prepared to provide the Board with a comprehensive review of staff's efforts to address water loss at the April 2, 2013 Regular Work Session. A motion was made by Chairman Bunch and seconded by Director Walsh to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Vice-Chairman Vega opened the meeting to public comment. John Ramberg offered comments on the current PAWSD rate structure, stating that in light of the information on water usage, the capacity of our reservoir system, and treatment facilities' capacity it is clear that PAWSD has more than adequate storage and treatment capacity to meet long-term and short-term demand.

He requested that the Board revisit the water rate structure, which doubles the price of water for usage above 8,000 gallons per month. Specifically, he suggested that a new, level rate structure be adopted; that is, one that charges the same amount per 1,000 gallons at all demand levels. This would be a far more equitable treatment of customers. The current structure penalizes any customer who uses more

than 8,000 gallons during any reporting month. Thus, large families and residents who plant trees and other greenery pay an unjustifiable premium for their water. He understands that any change in rate structure should be revenue neutral, so that the price per 1,000 gallons will exceed the current price charged per 1,000 gallons for the first 8,000 gallons.

Consideration of Request for Waiver of Charges – Cynda Green

The Board considered the Request for Waiver of Charges – Cynda Green (copy attached). Nancy Stahl, Utility Accounts Supervisor, presented the Request for Waiver of Charges – Cynda Green, stating the circumstances surrounding the leak event and why Ms. Green did not qualify for the PAWSD leak rate as her leak occurred inside of her home. Following a lengthy discussion in which Ms. Green expressed that she did not believe it is fair to charge her at the highest tier of the rate structure for water she did not intentionally use, a motion was made by Director Church and seconded by Vice-Chairman Vega to reduce Ms. Green's charges for the leak event to .54 cents/1,000 gallons, which is the estimated median cost for PAWSD to treat 1,000 gallons of water, if it is determined by staff that it was in fact a leak event and not intentional use. The motion failed 1 – 4 with Director Church in favor. A motion was made by Director Walsh and seconded by Director Church to limit Ms. Green's charges related to the leak event to the first 24 hours plus the one hour it took her to respond to our attempts to contact her to \$4.50/1,000 gallons. The motion failed 2 – 3 with Directors Walsh and Church in favor. A motion was made by Vice-Chairman Vega and seconded by Chairman Bunch to table Ms. Green's request to the April 9, 2013 Regular Meeting due to the level of discomfort regarding the current leak rate policy that was shared by several of the Board Members. The motion passed unanimously.

Consideration of 2013 Rate Study – Fernando Aranda, StepWise Utility Advisors

The Board considered the 2013 Rate Study – Fernando Aranda, StepWise Utility Advisors (copy attached). Fernando Aranda, StepWise Utility Advisors, presented an overview of the rate study process, options for designing rate structures, and the PAWSD 2011 Rate Study (copy attached). The Board agreed to again meet with Mr. Aranda during the April 23, 2013 Regular Work Session.

Consideration of Bidding Format for Sewer Line from Town of Pagosa Springs to PAWSD Main Campus

The Board considered the Bidding Format for Sewer Line from Town of Pagosa Springs to PAWSD Main Campus (copy attached). This item was tabled from the March 5, 2013 Work Session in order for the Board to make a formal decision that will provide guidance to Bartlett & West, Inc. as to how to structure the bid for the sewer line from the Town of Pagosa Springs to the PAWSD main campus. A motion was made by Vice-Chairman Vega and seconded by Chairman Bunch to accept a bidding format of design-bid-build on a unit cost basis with a fixed bid for the lift station(s) for the sewer line from Town of Pagosa Springs to PAWSD main campus. The motion passed unanimously.

Consideration of Bidding Format for Water Line from Meadows Subdivision to Town of Pagosa Springs

The Board considered the Bidding Format for Water Line from Meadows Subdivision to Town of Pagosa Springs (copy attached). This item was tabled from the March 5, 2013 Work Session in order for the Board to make a formal decision that will provide guidance to Bartlett & West, Inc. as to how to structure the bid for the water line from Meadows Subdivision to Town of Pagosa Springs. Directors Church and Walsh expressed concerns of this being a very complex bid and the original trench for the sewer line may not be wide enough to accommodate the water line, which will require more blasting and increase the cost of the project. A motion was made by Director Adams and seconded by Chairman Bunch to accept

a bidding format of design-bid-build on a unit cost basis for the water line from Meadows Subdivision to Town of Pagosa Springs. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Consideration of Sewage Receiving Station

The Board considered the Sewage Receiving Station (copy attached). Gregg Mayo, Projects Manager, presented the Sewage Receiving Station, stating that it will be located at the PAWSD main campus and recommends the purchase to ensure that PAWSD is accurately accounting for the amount of sewage that is being disposed of at PAWSD by independent haulers. He also stated that his recommendation is to purchase the equipment from Municipal Equipment because it already has several of these sewer receiving stations throughout the state. Following a lengthy discussion in which many of the Directors expressed their concerns regarding the cost versus the immediate need of the project, a motion was made by Chairman Bunch and seconded by Vice-Chairman Vega to approve the purchase of the Sewage Receiving Station from Municipal Equipment for \$73,292.43 and directed staff to proceed with procurement of the equipment. The motion failed 2 – 3 with Chairman Bunch and Director Adams in favor. Ed Winton requested a cement pad be installed for the current sewer station not to exceed \$15,000.00 in order to make the area more sanitary. A motion was made by Chairman Bunch and seconded by Director Adams to approve the installation of a cement pad not to exceed \$15,000.00 to make the area more sanitary with the understanding that the Board will review the Wastewater Hauler Charges during the April 2, 2013 Regular Work Session. The motion passed unanimously.

Consideration of San Juan Backwash Pond Excavation and Liner

The Board considered the San Juan Backwash Pond Excavation and Liner (copy attached). Ed Winton presented the San Juan Backwash Pond Excavation and Liner, stating that when the San Juan Water Treatment Plant backwash pond overflows the outflow terminates under the PAWSD administrative building and mold remediation efforts will need to begin this summer. A motion was made by Director Bunch and seconded by Director Walsh to approve the San Juan Water Treatment Plant backwash pond excavation and installation of a liner not to exceed \$66,235.00 and to direct staff to proceed as necessary on the project. The motion passed unanimously.

Consideration of Pipeline Inspection Trailer

The Board considered the Pipeline Inspection Trailer (copy attached). Ed Winton presented the Pipeline Inspection Trailer, stating this project marries well into the CityWorks project because as the sewer lines are televised the information can be loaded into the CityWorks software for asset management purposes and the equipment would realize a return on investment within the first year because PAWSD would not have to hire an outside firm to complete the work. A motion was made by Chairman Bunch and seconded by Director Adams to approve the purchase of the equipment from Cues for the quote of \$88,900.00. The motion passed unanimously.

Consideration of Board Meeting Schedule for 2013

The Board considered the Board Meeting Schedule for 2013 (copy attached). Ed Winton presented the Board Meeting Schedule for 2013, stating that staff recommends not deviating from the current Board Meeting Schedule for 2013. Director Adams stated that he would prefer to revisit the schedule in six months to consider moving the regular meetings and regular work sessions closer together in order to provide a larger amount of time in between meetings. The majority of the Board agreed to keep the current Board Meeting Schedule for 2013 with the understanding that it would consider revising the schedule for 2014.

Other Business

Shellie Peterson, Business Services Manager, reminded the Board and the public that the March 26, 2013 Work Session will be rescheduled for April 2, 2013 at 2:00 p.m.

There being no further business to come before the Board, the meeting was adjourned at 6:31 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 (PAWSD) has been scheduled for Tuesday, April 9, 2013, 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 – 3/12/13 Regular Meeting
 - Water Loss Update
 - Quarterly Financial Statements and Investment Report
3. Public Comment
4. Consideration of PAWSD Current Leakage Rate Policy
5. Consideration of Request for Waiver of Charges – Cynda Green
6. Consideration of Log Park Inclusion Request – Log Park Water Company BOD
7. Consideration of Property Tax Lien Endorsments – Vanderpool
8. Consideration of CWCB Loan Contract Amendment
9. Consideration of Update on Employee Health Insurance Renewal Process
10. Consideration of Board Consensus on Removal of RPIE from CIP
11. Consideration of Fire Hydrant Maintenance Agreement
12. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 9, 2013 REGULAR MEETING

Attendance

The following Directors were present: Burt Adams, Allan Bunch, Michael Church, Roy Vega, and Glenn Walsh. The Board unanimously excused Chairman Bunch from the meeting at 4:00 p.m.

In attendance from staff: Ed Winton, Shellie Peterson, Michael Medici, and Gregg Mayo. Also present: Melissa Stedman, Cynda Green, Bill Hudson, John Ramberg, Larry Fisher, Doyle Qualls, Judy Reilly, Sandra Walker, Ed Evarts, Melanie Bavouset, Rex Nelson, and Theresa Snyder.

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.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the March 12, 2013 Regular Meeting, the Water Loss Update, Quarterly Financial Statements, and Investment Report. John Ramberg requested the last sentence in his statement under Public Comment be deleted from the March 12, 2013 draft meeting minutes because he may not have actually made the statement during the meeting. The Board agreed to delete said statement from the draft meeting minutes. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of March is down from the month of February amount of 17.7 million gallons to 15.4 million gallons. Mr. Winton attributed the decrease in the water loss amount to discovery and repair of a few larger leaks in the distribution system. Director Walsh requested the monthly water loss percentages be reinstated in the Water Loss Update. The Board agreed and directed staff to make the revision for future updates. Shellie Peterson, Business Services Manager, presented the Quarterly Financial Statements and Investment Report, stating the materials were available in the board packet materials for the Board's review and she was prepared to answer any questions. Director Vega asked why PAWSD investments were so concentrated in Bank of the San Juans when Bank of Colorado has a better rating. Mrs. Peterson replied that Bank of Colorado is not accepting public funds at this time and therefore is not available to PAWSD. She also reminded the Board of previous direction to invest PAWSD funds in CDARS as said funds mature at Bank of the San Juans and that the next fund maturity would be in June of 2013. A motion was made by Director Vega 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. John Ramberg offered comments on the Water Loss Update, stating that he recommends PAWSD modify its Water Loss Update to comply with the recommendations of the American Water Works Association (AWWA). These recommendations were explained on the video presented by Ed Winton on April 2, 2013. The changes will provide a more accurate presentation of water loss and progress in the reduction of losses. To accomplish this will require changing the following terminology: Section B: Calculate the "difference," but call it "loss," as recommended by the AWWA; On the line directly below this, introduce the terms percentage loss and 12 month average percentage loss and calculate in an appropriate manner from the above; Section C:

Replace the term “Loss:Unaccounted-for Water: (B-C)” by “Unaccounted-for Water Loss: (B-C);” On the line directly below, introduce the term Percentage Unaccounted-for Water Loss and the 12 month average of Percentage Unaccounted-for Water Loss; On the PAWSD Water Used and Lost Chart, report the Section B values, rather than the Section C values on the lower portion of the chart, where the values are represented by bars.

Consideration of PAWSD Current Leakage Rate Policy

The Board considered the PAWSD Current Leakage Rate Policy (copy attached). Following a lengthy discussion in which Board Members expressed their opinions regarding the PAWSD Current Leakage Rate Policy, a motion was made by Director Walsh and seconded by Director Church to revise Section B of the current Leakage Rate Policy to state “The cause of the excessive volume must be due to an unintentional use of water and not the result of negligence by the property owner.” The motion passed unanimously.

Consideration of Request for Waiver of Charges – Cynda Green

The Board considered the Request for Waiver of Charges – Cynda Green (copy attached). Cynda Green presented her Request for Waiver of Charges, stating she did not believe it was fair to be charged at the highest tier for the latter portion of her leak event since her use was unintentional. A motion was made by Director Walsh and seconded by Director Church to apply the revised Leakage Rate Policy retroactively to include Ms. Green’s leak event, as well as, any other customer that might meet the new criteria. The motion passed 3 – 2 with Chairman Bunch and Director Adams opposed.

Consideration of Log Park Inclusion Request – Log Park Water Company BOD

The Board considered the Log Park Inclusion Request – Log Park Water Company BOD (copy attached). Judy Reilly, Log Park Water Company President, presented the Log Park Inclusion Request, stating the Log Park Water Company has been working with PAWSD staff on a formal submittal for inclusion into the PAWSD service area and now inquires of the PAWSD Board if it would view favorably on a future inclusion request by Log Park Water Company pursuant to its Out-of-District Service Agreement dated April 27, 2004. The Board provided its consensus to view favorably on the above-mentioned future inclusion request by Log Park Water Company pursuant to its above-mentioned Out-of-District Service Agreement.

Consideration of Property Tax Lien Endorsements – Vanderpool

The Board considered the Property Tax Lien Endorsements – Vanderpool (copy attached). Shellie Peterson presented the Property Tax Lien Endorsements – Vanderpool, stating the three Vanderpool requests: (1) Refund of delinquent PAWSD fees paid in June and August 2012 totaling \$6,582.87 as part of tax lien endorsements; (2) The Vanderpools are currently consolidating lots through Archuleta County and request a waiver of Availability Fees beyond what is intended to ultimately be consolidated until said consolidation process is completed; (3) Forgive all delinquent assessments for properties listed on Schedule B of said request at the time any Treasurer’s Deeds are issued on these properties. In her recommendation, Mrs. Peterson distinguished these requests from others in which the Board did agree to waive or forgive delinquent assessments based on the fact that all of the Vanderpools’ properties involve current tax lien endorsements and decisions made by the Board in the past were based on an intergovernmental agreement in which both entities agreed to waive or forgive assessments that had never been endorsed simply to get the properties back on the tax rolls. A motion was made by Director Church and seconded by Chairman Bunch to deny all of the Vanderpools’ requests. The motion passed unanimously.

Consideration of CWCB Loan Contract Amendment

The Board considered the CWCB Loan Contract Amendment (copy attached). Shellie Peterson presented the CWCB Loan Contract Amendment (Amendment), stating the Amendment contained no additional requirements, but was requested by the PAWSD Board to reflect the decision to call “Substantial Completion” for purposes of the loan on the Dry Gulch Reservoir Project at \$9,219,363.70 rather than the originally negotiated amount of \$11,217,000.00. A motion was made by Director Church and seconded by Director Adams to authorize the President and Secretary to execute the Amended Security Agreement and Promissory Note. The motion passed unanimously 4 – 0 with Chairman Bunch’s early departure from the meeting.

Consideration of Update on Employee Health Insurance Renewal Process

The Board considered the Update on Employee Health Insurance Renewal Process (copy attached). Shellie Peterson presented the Employee Health Insurance Renewal Process, stating that with 5.5% increase the renewal amount was coming in under the originally budgeted amount without any loss in coverage; therefore, staff recommended renewal of the existing Employee Health Insurance Policy. The Board provided its consensus on renewing the Employee Health Insurance Policy with the 5.5% increase.

Consideration of Board Consensus on Removal of RPIE from CIP

The Board considered Board Consensus on Removal of RPIE from CIP (copy attached). This item was tabled in order to provide the District Manager with additional time to re-circulate the RPIE to the Board for review.

Consideration of Fire Hydrant Maintenance Agreement

The Board considered the Fire Hydrant Maintenance Agreement (copy attached). Ed Winton presented the Fire Hydrant Maintenance Agreement (Agreement), stating it was necessary to renegotiate the original Agreement in order to incorporate Pagosa Fire Protection District (PFPD) into the CityWorks Asset Management Program. Because PFPD had agreed to participate in the CityWorks program, this Agreement had been finalized and he recommended Board approval. A motion was made by Director Walsh and seconded by Director Church to authorize the President to execute the Fire Hydrant Maintenance Agreement with PFPD. The motion passed unanimously 4 – 0 with Chairman Bunch’s early departure from the meeting.

Other Business

Director Adams requested the Board move expeditiously on retaining an independent attorney/law firm to address issues pertaining to the Dry Gulch Reservoir Project. Following a lengthy discussion in which the Board discussed the current legal needs of PAWSD, Director Walsh offered to develop the first draft of an introductory letter to prospective attorneys/law firms with Renee Lewis, Special Projects Manager, making final revisions prior to dissemination to the Board for approval. In light of the recent updates to the San Juan Water Conservancy District (SJWCD) website that describe recent negotiations with the United States Forest Service (USFS) in regards to the Dry Gulch Reservoir Project without PAWSD knowledge or consultation, a motion was made by Director Walsh and seconded by Director Church to send a letter to SJWCD and USFS demanding it cease and desist any negotiations or property trades related to the Dry Gulch Reservoir Project without prior approval from the PAWSD Board of Directors. The motion passed unanimously 4 – 0 with Chairman Bunch’s early departure from the meeting. Director Church requested a Board policy be implemented to allow Board Members to place items on the meeting agendas for discussion at the next available meeting without approval by the Chairman. Following a

lengthy discussion in which the Board Members expressed their opinions on the procedure for having discussion items placed on the agendas, a motion was made by Director Church and seconded by Vice-Chairman Vega to amend the Bylaws in the appropriate section to provide for a discussion item to be placed on the agenda for the next regular meeting by any one Board Member. The motion passed unanimously 4 – 0 with Chairman Bunch's early departure from the meeting.

There being no further business to come before the Board, the meeting was adjourned at 5:35 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 (PAWSD) has been scheduled for Tuesday, May 14, 2013, 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 – 4/9/13 Regular Meeting
 - Water Loss Update
3. Public Comment
4. Consideration of Request to Suspend Charges – Claudine Cmarada
5. Discussion Regarding 2013 Rate Study Assumptions
6. Consideration of Approval of Revision to Bylaws
7. Consideration of Resolution 2013 – 02 – Resolution Approving PAWSD Participation in the Archuleta County Multi-Hazard Mitigation Plan
8. Consideration of Intergovernmental Agreement By and Between PAWSD and Archuleta County – Fire Hydrant Use for Training Purposes
9. Consideration of Ratification of April 9, 2013 Decision to Send Letter to San Juan Water Conservancy District Regarding Dry Gulch Reservoir Project
10. Discussion Regarding Wildfire Mitigation in Fourmile Creek Area
11. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
 For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MAY 14, 2013 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 Petersen, Nancy Stahl, and Renee Lewis. Also present: Melissa Stedman, John Ramberg, John Bozek, Claudine Cmarada, and Greg Dekat.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:01 p.m.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the April 9, 2013 Regular Meeting and the Water Loss Update. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of April is up from the month of March amount of 15.4 million to 17 million. Director Walsh stated that while the Water Loss Update numbers were not encouraging, the changes in the format per his request were appreciated. A motion was made by Director Walsh and seconded by Director Vega 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 Suspend Charges – Claudine Cmarada

The Board considered Request to Suspend Charges – Claudine Cmarada (copy attached). Claudine Cmarada filed a written request and appeared in person to appeal to the Board for a waiver or suspension of water service charges because her home became uninhabitable due to a fire in January, 2013. A motion was made by Director Walsh and seconded by Director Church to charge Ms. Cmarada the Availability Fee that is charged to vacant lots within 100 feet of a water line for a period of 18 months, beginning in January of 2013, or until the house becomes habitable, whichever occurs first, due to her home being uninhabitable at this time. The Board also directed staff to remove the water meter assigned to the home and replace it once requested by Ms. Cmarada, at no cost to the property owner, for administrative purposes. The motion passed unanimously. The Board also directed staff to memorialize this decision in the appropriate section of the PAWSD Rules and Regulations for approval by the Board.

Discussion Regarding 2013 Rate Study Assumptions

The Board discussed 2013 Rate Study Assumptions (copy attached). Following a lengthy discussion in which the Directors discussed their positions on the potential future growth rate within the District, the Board reached a consensus that 0.8% would be a reasonable estimated growth rate for purposes of the 2013 Rate Study.

Consideration of Approval of Revision to Bylaws

The Board considered the Approval of Revision to Bylaws (copy attached). Renee Lewis, Special Projects Manager, presented Approval of Revision to Bylaws, stating Section 6(c)(5) reflects the Board's April 9, 2013 decision to allow for any one Board Member to request that an item be placed on the agenda for the next regular meeting. Following a lengthy discussion in which the merits and demerits of the revision were debated, a motion was made by Director Walsh and seconded by Director Church to approve the revision to the Bylaws at Section 6(c)(5) that memorializes the Board's April 9, 2013 decision to allow for any one Board Member to request that an item be placed on the agenda for the next regular meeting. The motion passed 4-1 with Chairman Bunch opposed.

Consideration of Resolution 2013 – 02 – Resolution Approving PAWSD Participation in the Archuleta County Multi-Hazard Mitigation Plan

The Board considered Resolution 2013 – 02 – Resolution Approving PAWSD Participation in the Archuleta County Multi-Hazard Mitigation Plan (copy attached). Item failed for lack of motion with no discussion.

Consideration of Intergovernmental Agreement By and Between PAWSD and Archuleta County – Fire Hydrant Use for Training Purposes

The Board considered the Intergovernmental Agreement By and Between PAWSD and Archuleta County – Fire Hydrant Use for Training Purposes (copy attached). The Board agreed to table this item for the next regular meeting to allow for staff to review recent comments submitted by Archuleta County.

Consideration of Ratification of April 9, 2013 Decision to Send Letter to San Juan Water Conservancy District Regarding Dry Gulch Reservoir Project

The Board considered the Ratification of April 9, 2013 Decision to Send Letter to San Juan Water Conservancy District Regarding Dry Gulch Reservoir Project (copy attached). A motion was made by Director Adams and seconded by Chairman Bunch to ratify the April 9, 2013 decision to send letter to San Juan Water Conservancy District with copy to the United States Forest Service Pagosa District Ranger, Kevin Khung, regarding the Dry Gulch Reservoir Project. The motion passed unanimously.

Discussion Regarding Wildfire Mitigation in Fourmile Creek Area

The Board discussed Wildfire Mitigation in Fourmile Creek Area (copy attached). Renee Lewis presented Wildfire Mitigation in Fourmile Creek Area, stating that she has been attending area meetings regarding cooperation between groups and governmental entities to implement wildfire mitigations in the area and requested the Board provide her with direction as to whether or not she should continue attending said meetings. The Board agreed that Ms. Lewis should continue to attend said meetings on PAWSD behalf for the purposes of exploring wildfire mitigation activities in the area that may benefit PAWSD.

Other Business

Greg Dekat, Bartlett & West, Inc., provided the Board with a status update on their work on the PAWSD water model and strategic PRV placement. Chairman Bunch inquired on the status of the exploratory letter for an attorney to work specifically on the Dry Gulch Reservoir Project, as well as potentially for new general counsel. Director Walsh stated he had provided a draft on April 10, 2013 as he had committed to during the April 9, 2013 meeting and the Board agreed this draft, in combination with Director Vega's subsequent comments, is a good foundation from which staff could complete a finished letter to prospective attorneys for final dissemination for Board approval by May 17, 2013. Director Vega stated that he believed it was important to recognize PAWSD staff involvement in developing the Archuleta County Multi-Hazard Mitigation Plan, but that it was not necessary for the Board to approve PAWSD participation in said plan. Director Walsh stated that said plan would have to be revised in order for it to receive his approval for PAWSD participation.

There being no further business to come before the Board, the meeting was adjourned at 4:32 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 (PAWSD) has been scheduled for Tuesday, June 11, 2013, 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 – 5/14/13 Regular Meeting
Water Loss Update
3. Public Comment
4. Consideration of Request for Water Service Line for Proposed Plat – Michael McDonald
5. Discussion Regarding 2013 Rate Study
6. Consideration of Request for a Special Meeting for Purposes of Presenting the 2012 Audit
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

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 11, 2013 REGULAR MEETING

Attendance

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

In attendance from staff: Ed Winton, Shellie Peterson, Art Holloman, and Renee Lewis. Also present: Melissa Stedman, Lee Vorhies, Melissa and Michael McDonald, Debra Brown, Art Dilione, Ronny Farmer, 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 2:09 p.m. A motion was made by Director Adams and seconded by Chairman Bunch to excuse Director Vega as he had called to say he would not be able 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 14, 2013 Regular Meeting and the Water Loss Update. Director Walsh requested the word "inhabitable" on line 40 of the minutes for the May 14, 2013 Regular Meeting be changed to "habitable." He also requested the sentence beginning on line 58, which reads "Following a lengthy discussion in which Chairman Bunch stated that he did not agree with above-mentioned procedural change because the PAWSD Board of Directors Code of Conduct provides that individual Board Members shall refrain from directing work for staff, a motion was made by Director Walsh and seconded by Director Church to approve the revision to the Bylaws at Section 6(c)(5) that memorializes the Board's April 9, 2013 decision to allow for any one Board Member to request that an item be placed on the agenda for the next regular meeting," be revised to read "Following a lengthy discussion in which the merits and demerits of the revision were debated, a motion was made by Director Walsh and seconded by Director Church to approve the revision to the Bylaws at Section 6(c)(5) that memorializes the Board's April 9, 2013 decision to allow for any one Board Member to request that an item be placed on the agenda for the next regular meeting." Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of May is up from the month of April amount of 17 million to 18.2 million. Mr. Winton also stated the helium water leak detection program was complete with one leak found and that next steps will involve identifying locations for pressure reducing valves. A motion was made by Director Walsh and seconded by Chairman Bunch to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. John Ramberg offered comments on the Water Loss Update.

Consideration of Request for Water Service Line for Proposed Plat – Michael McDonald

The Board considered Request for Water Service Line for Proposed Plat – Michael McDonald (copy attached). Michael McDonald presented Request for Water Service Line for Proposed Plat in writing and in person, stating he did not think it was fair for PAWSD Rules & Regulations to require that he pay for a main line extension in order to receive water service to his vacant parcel that is not located within 100 feet of an existing water line. Ed Winton explained the service line closest to where he desired to build on his property is only a 2” line with four existing customers. Mr. Winton added that because this service line was only 2” in size, it did not have the capability of providing adequate water service to his property and would likely also diminish the current water service to the existing customers should he be allowed to connect to said service line. Following a lengthy discussion, a motion was made by Chairman Bunch and seconded by Director Church to direct staff to proceed with cost-sharing negotiations with Mr. McDonald to upsize the 2” pipe to a 6” inch pipe. Mr. McDonald will reimburse PAWSD for the cost to trench and install the pipe, including manpower and equipment. PAWSD will absorb the cost of upsizing the pipe from 2” to 6”. The motion passed unanimously. The Board also agreed to make the June 25, 2013 Regular Work Session a Special Meeting for the purposes of consideration of an upsizing policy and to continue this discussion with Mr. McDonald, if necessary.

Discussion Regarding 2013 Rate Study

The Board discussed the 2013 Rate Study (copy attached). Shellie Peterson, Business Services Manager, presented Discussion Regarding 2013 Rate Study, stating it was necessary for the purposes of moving forward on the 2013 Rate Study that the Board reach consensus on the 2013 Real Property Installed Equipment (RPIE) and the 2013 Capital Improvements Plan (CIP). The Board approved the 2013 RPIE and the 2013 CIP as presented and agreed to use 2.5% as a starting point for inflation for operations funds. The Board also directed staff to provide these decisions to Fernando Aranda, MWH Business Solutions, for his purposes of moving forward on the 2013 Rate Study.

Consideration of Request for a Special Meeting for Purposes of Presenting the 2012 Audit

The Board considered Request for a Special Meeting for Purposes of Presenting the 2012 Audit (copy attached). Shellie Peterson presented Request for a Special Meeting for Purposes of Presenting the 2012 Audit, stating it was necessary per statute the Board schedule a Special Meeting during the last two weeks of July 2013 for the purposes of presenting the 2012 Audit. The Board agreed to make part of the July Regular Work Session a Special Meeting, but changed the date to July 24, 2013 at 2:00 p.m. The Special Meeting/Work Session will be held at the PAWSD administrative offices, 100 Lyn Ave., Pagosa Springs, CO 81147.

Other Business

Chairman Bunch provided a status update on the exploratory letter for an attorney to work specifically on the Dry Gulch Reservoir Project, as well as potentially for new general counsel, stating that while the letter was sent a few weeks ago, he had yet to receive a response even after leaving a follow-up phone message. It was his recommendation the Board send a letter immediately to the second attorney of preference. The Board agreed and directed staff to send said letter.

There being no further business to come before the Board, the meeting was adjourned at 4:31 p.m.

Respectfully submitted,

Michael Church
Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT

ARCHULETA COUNTY

STATE OF COLORADO

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) S.S.
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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, June 25, 2013, at 2:00 p.m. The Special Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Consideration of Resolution 2013 – 02 – Resolution to Adopt an Upsizing Policy
2. Consideration of Request for Water Service Line for Proposed Plat – Michael McDonald
3. Consideration of Letter of Engagement – Goldman, Robbins, and Nicholson, PC
4. Consideration of Bad Debt Write-off at Issuance of Archuleta County Treasurer's Deed
5. U.S. Forest Service Brief on the West Fork Fire – Becca Smith
6. Any Other Business Brought before the Board Will be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JUNE 25, 2013 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, Gregg Mayo, and Renee Lewis. Also present: Melissa Stedman, Melissa McDonald, Debra Brown, Jeff Shamberg, and Art 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 2:10 p.m.

Consideration of Resolution 2013 – 02 – Resolution to Adopt an Upsizing Policy

The Board considered Resolution 2013 – 02 – Resolution to Adopt an Upsizing Policy (copy attached). Ed Winton, District Manager, presented Resolution 2013 – 02 – Resolution to Adopt an Upsizing Policy, stating he believed it to be a reasonable solution to situations in which PAWSD desires for future growth or other needs a pipe larger than is required for an applicant's water service line. A motion was made by Director Adams and seconded by Director Vega to Adopt Resolution 2013 – 02 – Resolution to Adopt an Upsizing Policy. The motion passed unanimously.

Consideration of Request for Water Service Line for Proposed Plat – Michael McDonald

The Board considered Request for Water Service Line for Proposed Plat – Michael McDonald (copy attached). Ed Winton presented Request for Water Service Line for Proposed Plat – Michael McDonald, stating that he believed PAWSD and Mr. McDonald had reached an agreement whereby Mr. McDonald agrees to pay for all costs associated with the installation of a 2" line extension, including, but not necessarily limited to, engineering, permitting, rock demolition, rock removal, pipe installation, excavation, backfilling, compaction, materials testing, re-vegetation, and disturbance area reinstatement, also including the fire hydrant installation, at a cost not to exceed \$15,000.00. PAWSD would be responsible for the pipe material costs over and above the price of 2" diameter PVC piping, and costs, if any, in excess of the aforementioned \$15,000.00. A motion was made by Director Walsh and seconded by Director Church to accept the McDonald Main Line Extension/Upsizing Agreement as negotiated between staff and Mr. McDonald at a cost not to exceed \$15,000.00. The motion passed unanimously.

U.S. Forest Service Brief on the West Fork Fire – Becca Smith

The Board agreed to amend the agenda to allow for Ms. Becca Smith, U.S. Forest Service, to present her brief on the West Fork Fire ahead of the Consideration of Engagement – Goldman, Robbins, and Nicholson, PC agenda item. The Board considered U.S. Forest Service Brief on the West Fork Fire – Becca Smith. Becca Smith provided a briefing for the Board regarding the impacts on the PAWSD watershed from the West Fork Fire. Ms. Smith stated that due to the location and terrain of the burn area from the West Fork Fire, PAWSD should be prepared for ash and fire debris to wash down the West Fork of the San Juan River following the first, and potentially other, significant rain events. She recommended PAWSD install an early warning system in the burn area to alert staff of when to expect ash and fire

debris in the West Fork of the San Juan River and extended the U.S. Forest Service's willingness to work with PAWSD in this effort. Ed Winton stated that staff has a contingency plan in place to address ash and fire debris that may wash down the West Fork of the San Juan River, which involves temporarily shutting down the Snowball Water Treatment Plant and running off of storage until the event has passed. The Board thanked Ms. Smith for her time and directed staff to work with the U.S. Forest Service to install an early warning system in the burn area.

Consideration of Letter of Engagement – Goldman, Robbins, and Nicholson, PC

The Board considered the Letter of Engagement – Goldman, Robbins, and Nicholson, PC (copy attached). A motion was made by Director Adams and seconded by Director Vega to accept the Letter of Engagement – Goldman, Robbins, and Nicholson, PC and authorize the President/Chairman to execute said letter. The motion passed unanimously.

Consideration of Bad Debt Write-off at Issuance of Archuleta County Treasurer's Deed

The Board considered Bad Debt Write-off at Issuance of Archuleta County Treasurer's Deed (copy attached). Shellie Peterson, Business Services Manager, presented Bad Debt Write-off at Issuance of Archuleta County Treasurer's Deed, stating that during the process of the 2012 Audit, Ronny Farmer suggested the District derive a systematic approach for reducing the amount of past due, and most likely uncollectable, accounts receivable. Since that time, the Board has allowed late fees, interest, and Certification Fees to be written off for accounts that qualified for Certification to the County Treasurer in October of 2012, and moving forward, late fees, interest, and Certification Fees would not be charged to those types of delinquent accounts. Mr. Farmer has recently indicated that he would like to see a systematic plan to further these efforts in 2013. In this regard, Mrs. Peterson recommended PAWSD continue the current efforts at collection through Central Collection Services; previously certified accounts continue to be certified to the County Treasurer without the accumulation of late fees, interest, and Certification Fees; PAWSD write-off as a bad debt the balance on an account upon the issuance of a Treasurer's Deed to the persons eligible to make that request to the County Treasurer. A motion was made by Director Vega and seconded by Director Church to adopt the policy and procedures recommended by Mrs. Peterson above and directed Mrs. Peterson to provide the Board with a quarterly report itemizing all write-offs of bad debt in the future.

There being no further business to come before the Board, the meeting was adjourned at 3:24 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 (PAWSD) has been scheduled for Tuesday, July 9, 2013, at 2:00 p.m. 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 regarding the Dry Gulch Reservoir Project agenda item pursuant to Section 24-6-402(4)(b), C.R.S. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 6/11/13 Regular Meeting and 6/25/13 Special Meeting
 - Water Loss Update
 - Investment Report – June 30, 2013
 - Financial Statements – June 30, 2013
3. Public Comment
4. 2013 Rate Study Presentation – Fernando Aranda – MWH Business Solutions
5. Consideration of Petition for Inclusion – Diane Burnett and Ronald Toland
6. Consideration of Approval of Funds for Water Line from Meadows Subdivision to Town of Pagosa Springs
7. Consideration of Addition to Capital Improvements Plan – Snowball to Dutton Diversion Pipeline and Booster Station
8. Discussion Regarding Entering into Executive Session Pursuant to Section as Described Above
9. Discussion Regarding Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.
10. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
 For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JULY 9, 2013 REGULAR MEETING

Attendance

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

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present: Melissa Stedman, Lee Vorhies, Art Dilione, John Ramberg, Rod Proffitt, Pat Rydz, and Doris Zier.

Call to Order

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

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the June 11, 2013 Regular Meeting, June 25, 2013 Special Meeting, Investment Report – June 30, 2013, Water Loss Update, and Financial Statements – June 30, 2013. Director Walsh provided staff with comments on the June 11, 2013 Regular Meeting minutes and the June 25, 2013 Special Meeting minutes, which included typographical errors, the clarification of the organization Fernando Aranda is employed by, and the inflation rate for operational funds being 2.5% for the purposes of the 2013 Rate Study. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of June is down from the month of May amount of 18.2 million to 17.7 million. Mr. Winton also stated that while a few leaks have been detected and repaired, the helium detection crew will continue to look for leaks in the system over the next few weeks at no additional cost. Shellie Peterson, Business Services Manager, presented the Investment Report – June 30, 2013, stating the most significant change in the report from the 1st quarter is the decrease in CDs with the Bank of the San Juans as CDs matured last month that were then invested with CDARS. Mrs. Peterson also presented the Financial Statements – June 30, 2013, stating that it reflects the budgeted financial activities of PAWSD to be at 45%, as would be expected at the mid-year point, with the exception of vehicle maintenance and liability insurance, which have required additional expenditures than was originally budgeted for those line items. A motion was made by Director Vega and seconded by Director Adams to approve the Consent Agenda as amended above. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. Pat Rydz offered comments on her appreciation of PAWSD discontinuing the addition of fluoride to the drinking water system, acquiring a copy of the most recent Consumer Confidence Report, and the Dry Gulch Reservoir Project.

2013 Rate Study Presentation – Fernando Aranda – MWH Business Solutions

The Board considered the 2013 Rate Study Presentation – Fernando Aranda – MWH Business Solutions (copy attached). Fernando Aranda provided the 2013 Rate Study Presentation, stating that in response to Board direction he has prepared five different rate options for the Board to review. Mr. Aranda also

discussed with the Board the revenues under existing rates and 2014 revenue requirements as these topics also helped to determine the different rate options. Option 1 involves across the board rate structure increases using the existing rate tier structure. Option 2 involves maintaining the three tiered rate structure, but increasing the base rate to \$20.00 per month. Option 3 involves going to a single tier rate structure and increasing the base rate to \$20.00. Option 4 involves increasing the base rate to \$23.50, going to a single tier rate structure, and including the first 2000 gallons in the monthly base rate. Option 5 involves increasing the base rate to \$23.50, maintaining the three tiered rate structure, and including the first 2000 gallons in the monthly base rate. Mr. Aranda further illustrated the effect of including 2000 gallons per Equivalent Unit in the rate tiers using both Options 4 and 5. The Board agreed to consider these options and provide Mr. Aranda with direction at the next meeting.

Consideration of Petition for Inclusion – Diane Burnett and Ronald Toland

The Board considered the Petition for Inclusion – Diane Burnett and Ronald Toland (copy attached). Shellie Peterson presented the Petition for Inclusion – Diane Burnett and Ronald Toland, stating these property owners initially decided not to be a part of the larger Mill Creek Property Owner's Association Inclusion, but now petitions the Board for inclusion. They are negotiating a separate agreement with the Mill Creek Property Owner's Association regarding the use of that infrastructure. A motion was made by Director Vega and seconded by Director Church to accept the Petition for Inclusion – Diane Burnett and Ronald Toland and directed Mrs. Peterson to make the necessary arrangements to schedule the public hearing. The motion passed unanimously.

Consideration of Approval of Funds for Water Line from Meadows Subdivision to Town of Pagosa Springs

The Board considered Approval of Funds for Water Line from Meadows Subdivision to Town of Pagosa Springs (copy attached). Chairman Bunch presented Approval of Funds for Water Line from Meadows Subdivision to Town of Pagosa Springs, stating this project was still in need of Board approval for funding. Following a lengthy discussion in which the merits and demerits of the project were discussed, a motion was made by Director Vega and seconded by Director Adams to approve the funding for the Water Line from Meadows Subdivision to Town of Pagosa Springs Project subject to the acceptance of bid and with priority over the possible upgrade of the San Juan Water Treatment Plant with MIEX technology should funding of both projects become competitive. The motion passed 4 – 1 with Director Church opposed.

Consideration of Addition to Capital Improvements Plan – Snowball to Dutton Diversion Pipeline and Booster Station

The Board considered Addition to Capital Improvements Plan – Snowball to Dutton Diversion Pipeline and Booster Station (copy attached). The Board agreed this item would be better served if first discussed in a work session. A motion was made by Director Vega and seconded by Director Church to place this item on the agenda for the July 23, 2013 Regular Work Session. The motion passed unanimously.

Discussion Regarding Entering into Executive Session Pursuant to Section as Described Above

The Board discussed Entering into Executive Session Pursuant to Section as Described Above (copy attached). Director Vega explained for the benefit of the public in attendance that entering into Executive Session was necessary for the purposes of receiving legal advice from Mr. Jeffery P. Robbins, Goldman,

Robbins & Nicholson, P.C., on specific legal questions regarding the Dry Gulch Reservoir Project pursuant to Section 24-6-402(4)(b), C.R.S.

Discussion Regarding Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.

A motion was made by Director Vega and seconded by Chairman Bunch to enter into Executive Session at 5:45 p.m. for a conference with the District's attorney for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project pursuant to Section 24-6-402(4)(b), C.R.S. The motion passed 4 – 1 with Director Church opposed. Upon returning to Open Session at 6:48 p.m., the Board thanked Mr. Robbins for providing legal advice on specific legal questions regarding the Dry Gulch Reservoir Project during Executive Session at which no decisions were made.

There being no further business to come before the Board, the meeting was adjourned at 6:49 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 23, 2013, at 2:00 p.m. and 3:30 p.m. respectively. During the Special Meeting, 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 regarding the PAWSD Water Rights Portfolio agenda item pursuant to Section 24-6-402(4)(b), C.R.S. 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:

- 7. Presentation and Approval of 2012 Audited Financial Statements – Ronny Farmer – Ronny Farmer, LLC
- 8. Consideration of Waiver of Availability Fees – Colorado’s Timber Ridge Metro District and Homeowner’s Association
- 9. Consideration of Water Line from Meadows Subdivision to Town of Pagosa Springs
- 10. Consideration and Direction Regarding 2013 Rate Study – Fernando Aranda – MWH Business Solutions
- 11. Consideration of Entering into Executive Session Pursuant to Section 24-6-402(4)(b) as Described Above
- 12. Discussion Regarding PAWSD Water Rights Portfolio – Evan D. Ela – Collins, Cockrel & Cole, P.C.

Work Session:

- 1. Discussion Regarding Addition to Capital Improvements Plan – Snowball to Dutton Diversion Pipeline and Booster Station
- 2. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors
SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JULY 23, 2013 SPECIAL MEETING

Attendance

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

In attendance from staff: Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present: Melissa Stedman, John Ramberg, Art Dilione, Judy Reilly, Sandra Walker, Mary Green, Ronny Farmer, Bob Milford, Evan Ela (telephonically), Gary Waples, and Jim Huffman.

Call to Order

The Special Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:07 p.m.

Presentation and Approval of 2012 Audited Financial Statements – Ronny Farmer – Ronny Farmer, LLC

The Board considered Presentation and Approval of 2012 Audited Financial Statements – Ronny Farmer – Ronny Farmer, LLC (copy attached). Ronny Farmer – Ronny Farmer, LLC presented 2012 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). Mr. Farmer presented the audit with an unqualified opinion as the financial statements have no material weaknesses or significant deficiencies. Director Vega noted four items that he would like revised in the Notes to the Financial Statements. On pages 16 and 17, Director Vega suggested more clarity pertaining to the topic on page 16, and continues on page 17, that begins “Restricted resources are used to first fund appropriations for which both restricted and unrestricted net assets are available.” On page 24, it was suggested the tense of the description of uses for the 2006 Revenue Bond Issue be changed to past tense, as well as, revisions to indicate how the remaining funds may be used. On page 27, it was suggested the sentence stating that the District had drawn the maximum principle amount for the ARRA Base Loan Program be moved to the beginning of the Note, and the statement that the District had not drawn the maximum principle amount during 2011 be removed. Mr. Farmer committed to making the above-suggested revisions prior to the final submission to the required agencies and providing the Final 2012 Audited Financial Statements for the Board’s records at the next meeting. Following additional questions from the Board, a motion was made by Director Vega and seconded by Director Adams to approve the 2012 Audited Financial Statements as amended above. The motion passed 3 – 2 with Directors Walsh and Church opposed.

Consideration of Waiver of Availability Fees – Colorado’s Timber Ridge Metro District and Homeowner’s Association

The Board considered Waiver of Availability Fees – Colorado’s Timber Ridge Metro District and Homeowner’s Association (copy attached). Bob Milford, President of Colorado’s Timber Ridge Homeowner’s Association, provided the Board with a letter and appeared in person requesting the waiver

of Availability Fees on four lots, which recently came under the ownership of Colorado's Timber Ridge Metro District (CTRMD), in exchange for the expansion of an existing easement for PAWSD to better access lift station #23. Gregg Mayo, Projects Manager, stated that staff and Mr. Milford had reached a tentative agreement, which included PAWSD compensating CTRMD with fair market value for the property that would be encumbered by the expansion of the exiting easement in lieu of waiving Availability Fees. PAWSD would also agree to repair the access road erroneously laid on the adjacent lot. A motion was made by Director Adams and seconded by Chairman Bunch to adopt staff's recommendation and the agreement reached between staff and Mr. Milford. The motion passed unanimously.

Consideration of Water Line from Meadows Subdivision to Town of Pagosa Springs

The Board considered Water Line from Meadows Subdivision to Town of Pagosa Springs (copy attached). Chairman Bunch presented Water Line from Meadows Subdivision to Town of Pagosa Springs, stating that staff expects to receive approval for this project from Colorado Department of Public Health and Environment (CDPHE) by the end of this month and there are a few issues that remain to be resolved by the Board, including: size of the piping, the Town of Pagosa Springs water requirement, and the alignment of the line. Following a lengthy discussion in which the merits and demerits of the project were discussed, a motion was made by Director Vega and seconded by Director Adams to authorize Bartlett & West, Inc. to proceed with bid invitations, upon receipt of CDPHE approval, using the originally proposed line alignment and 12" piping. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Consideration and Direction Regarding 2013 Rate Study – Fernando Aranda – MWH Business Solutions

The Board considered Direction Regarding 2013 Rate Study – Fernando Aranda – MWH Business Solutions (copy attached). Shellie Peterson, Business Services Manager, presented Direction Regarding 2013 Rate Study, stating that she and Fernando Aranda – MWH Business Solutions – still required direction from the Board in order to proceed on the 2013 Rate Study, specifically which Rate Option the Board wishes to use. The Board reached consensus on Rate Option #5 being in the best interest of PAWSD and its customers. Rate Option #5 includes increasing the base rate for water service to \$23.50; retaining the three tier rate structure with a decrease in the rate of each tier to \$4.22, \$8.44, and \$10.60 respectively; allowing for the first 2000 gallons/ EU each month to be included in the base rate. The Board also directed Mrs. Peterson to inform Mr. Aranda of this consensus, which allows for the drafting and presenting of the 2013 Rate Study Final Report.

Consideration of Entering into Executive Session Pursuant to Section 24-6-402(4)(b) as Described Above

The Board considered Entering into Executive Session Pursuant to Section 24-6-402(4)(b) as Described Above (copy attached). The Board agreed the discussion with Evan D. Ela – Collins, Cockrel & Cole, P.C. regarding PAWSD water rights portfolio did not warrant entering into Executive Session pursuant to Section 24-6-402(4)(b).

Discussion Regarding PAWSD Water Rights Portfolio – Evan D. Ela – Collins, Cockrel & Cole, P.C.

The Board discussed PAWSD Water Rights Portfolio with Evan D. Ela – Collins, Cockrel & Cole, P.C. The discussion specifically addressed options for managing different water rights in the future. No decisions were made.

There being no further business to come before the Board, the meeting was adjourned at 6:07 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 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 (PAWSD) have been scheduled for Tuesday, August 13, 2013, at 2:00 and 2:30 p.m. respectively. The Regular Meeting and Public Hearing will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 7/9/13 Regular Meeting and 7/23/13 Special Meeting
 - Water Loss Update
 - Investment Report – July 31, 2013
3. Public Comment
4. Public Hearing – 2:30 p.m. – Diane Burnett and Ronald Toland Inclusion and Consideration of Order of Inclusion
5. Reconsideration of Authorization to Bid 12” Water Line from Meadows Subdivision to District 2
6. Consideration of Repeal of 2000 Ballot Issue No. 5A
7. Consideration of Revision to PAWSD Bylaws Forbidding the Issue of Revenue Bonds Without the Majority Approval of the Voters
8. Consideration of Resolution 2013 – 03 – Resolution Approving Amendment to Investment Policy
9. Consideration of Draft Final 2013 Rate Study
10. Consideration of Audit Engagement and Audit Process for 2013
11. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
 For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
AUGUST 13, 2013 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, Gregg Mayo, and Renee Lewis. Also present: Melissa Stedman, Lee Vorhies, Kristin Vorhies, Art Dilione, John Ramberg, Jan Clinkenbeard, Jim Huffman, John Bozek, Bill Hudson, Barbara Palmer, Marilyn Bunch, Richard Giancaspro, and Gary Waples.

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.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the July 9, 2013 Regular Meeting and July 23, 2013 Special Meeting, Water Loss Update, and Investment Report – July 31, 2013. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of July is up from the month of June amount of 17.7 million to 17.9 million. Mr. Winton also stated that while a few leaks were detected and correlated by PAWSD staff, the helium detection crew will again continue to look for leaks in the system at no additional cost. Shellie Peterson, Business Services Manager, presented the Investment Report – July 31, 2013, stating that not much has changed since the last report except that per Board direction she transferred CDs that matured on July 12, 2013 at Bank of the San Juans to CDARS. 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. John Ramberg offered comments regarding water loss (copy attached). Jan Clinkenbeard offered comments regarding the use of eminent domain for the PAWSD/Pagosa Springs Sanitation General Improvement District sewer project (copy attached). Melissa Stedman of the Pagosa SUN offered comments, stating she needed further clarification as to why PAWSD does not believe it is a party to the eminent domain case referred to by Mrs. Clinkenbeard. Richard Giancaspro offered comments regarding PAWSD rates.

Public Hearing – 2:30 p.m. – Diane Burnett and Ronald Toland Inclusion and Consideration of Order of Inclusion

Chairman Bunch opened the Public Hearing regarding the Diane Burnett and Ronald Toland Inclusion and Consideration of Order of Inclusion at 2:42 p.m. The Board considered Diane Burnett and Ronald Toland Inclusion and Consideration of Order of Inclusion (copy attached). Shellie Peterson presented the

Diane Burnett and Ronald Toland Inclusion and Consideration of Order of Inclusion, stating the Board accepted the property owner's Petition to Include at the July 9, 2013 Regular Meeting, the Notice of Public Hearing had been published July 25, 2013, and should the Board so act, the Order for Inclusion and the Conditions of Inclusion will be sent to District Court once the Equity Buy-in Fee is received. No public comments on this item were offered. A motion was made by Director Vega and seconded by Chairman Bunch to authorize the Secretary to sign the Order of Inclusion on behalf of the Board and directed staff to initiate the appropriate District Court proceedings for the inclusion. The motion passed unanimously. The Public Hearing was closed at 2:51 p.m.

Reconsideration of Authorization to Bid 12" Water Line from Meadows Subdivision to District 2

The Board considered Authorization to Bid 12" Water Line from Meadows Subdivision to District 2 (copy attached). Director Church presented Authorization to Bid 12" Water Line from Meadows Subdivision to District 2, stating that he learned the easements for this project were in question and requested this item be reconsidered by the Board. Following a lengthy discussion in which the merits and demerits of this item were debated, no action was taken.

Consideration of Repeal of 2000 Ballot Issue No. 5A

The Board considered Repeal of 2000 Ballot Issue No. 5A (copy attached). Director Walsh presented Consideration of Repeal of 2000 Ballot Issue No. 5A, stating he believed philosophically in TABOR and that PAWSD tax payers deserve the protections of TABOR in not allowing PAWSD mill levies to increase to a rate higher than 5.5% in any one year. Following a lengthy discussion in which the benefits and consequences of this item were debated, a motion was made by Director Church and seconded by Director Vega to approve the incurrence of legal fees to research the repeal of 2000 Ballot Issue No. 5A, which would effectively "re-bruce" PAWSD. The motion failed 3 – 2 with Directors Church and Walsh in favor. The Board directed staff to put this item on the September 24, 2013 Work Session.

Consideration of Revision to PAWSD Bylaws Forbidding the Issue of Revenue Bonds without the Majority Approval of the Voters

The Board considered Revision to PAWSD Bylaws Forbidding the Issue of Revenue Bonds without the Majority Approval of the Voters (copy attached). Director Walsh presented Consideration of Revision to PAWSD Bylaws Forbidding the Issue of Revenue Bonds without the Majority Approval of the Voters, stating that because PAWSD has approximately 39 million dollars in debt and only 9 million dollars of this was voted on by the eligible electors of the District as general obligation bonds, he believes the Bylaws should be amended to require a poll of the PAWSD customers for ratification of any Board decision to incur additional revenue bond debt. A motion was made by Director Walsh and seconded by Director Church to amend the PAWSD Bylaws to require a majority vote of the PAWSD rate payers to approve any new revenue bond issues. The motion passed 3 – 2 with Directors Bunch and Adams opposed.

Consideration of Resolution 2013 – 03 – Resolution Approving Amendment to Investment Policy

The Board considered Resolution 2013 – 03 – Resolution Approving Amendment to Investment Policy (copy attached). Shellie Peterson presented Resolution 2013 – 03 – Resolution Approving Amendment to Investment Policy, stating that in her review of the current Investment Policy, she found that it no longer reflects the Board's current position regarding investment diversification. Mrs. Peterson further stated that her suggested revisions in Exhibit A of Resolution 2013 – 03 are intended to reflect the current Board position of investing in CDARS with the option of local investment should that market become attractive to

the Board at some future date. A motion was made by Chairman Bunch and seconded by Director Vega to adopt Resolution 2013 – 03 – Resolution Approving Amendment to Investment Policy. The motion passed 4 – 0 with Director Adams abstaining.

Consideration of Draft Final 2013 Rate Study

The Board considered Draft Final 2013 Rate Study (copy attached). The Board agreed to table this item for the September 24, 2013 Work Session.

Consideration of Audit Engagement and Audit Process for 2013

The Board considered Audit Engagement and Audit Process for 2013 (copy attached). Shellie Peterson presented Audit Engagement and Audit Process for 2013, stating the estimated cost remains the same as in 2012. She further stated that some of the procedures will change as less oversight by Karla Clark, Clark, White & Associates, is required because staff is performing all year-end closing entries, and Mr. Farmer is able to begin the audit process in May instead of June. A motion was made by Chairman Bunch and seconded by Director Vega to authorize PAWSD District Manager to execute the Letter of Engagement from Ronny Farmer, LLC for 2013 Audit Services for the amount of \$27,190.00. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 5:13 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 Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, September 10, 2013 at 2:00 p.m. 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 regarding the Dry Gulch Reservoir Project agenda item pursuant to Section 24-6-402(4)(b), C.R.S. The Regular Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 8/13/13 Regular Meeting
 - Water Loss Update
3. Public Comment
4. Consideration of Inclusion by Election – Log Park Water Company
5. Consideration of Board of Directors Code of Conduct
6. Consideration of Approval of Revision to the Board of Directors Bylaws
7. Consideration of 2012 PAWSD Annual Report to Archuleta County
8. Discussion Regarding Vista Wastewater Treatment Plant and Greenhouse Update
9. Consideration of Entering into Executive Session Pursuant to Section as Described Above
10. Discussion Regarding Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.
11. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
 For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 10, 2013 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: Randi Pierce, Lee Vorhies, Jim Huffman, John Bozek, Sandra Walker, Dan Rosenblatt, Jim Bruvold, John Ramberg, Marilyn Bunch, Anlaug Adams, and Gary Waples.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:07 p.m.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the August 13, 2013 Regular Meeting and Water Loss Update. Director Vega suggested and the Board agreed to attach to the minutes as a separate document any written comments submitted by the public under the Public Comment agenda item. Director Vega also noted that on line 138 the vote should have been captured as "4 – 0 with Director Adams abstaining" instead of "4 – 1 with Director Adams abstaining." Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of August is up from the month of July amount of 17.9 million to 18.7 million. Mr. Winton also stated the lack of system integrity was proven last month when four valve bonnets failed on one line in an area that spans less than a mile. Further, he stated challenges like these are the reason for the water loss in the system and will continue to be the source until all of these small leaks are found and repaired. A motion was made by Director Vega 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. John Ramberg offered comments regarding the fullness of the area lakes.

Consideration of Inclusion by Election – Log Park Water Company

The Board considered Inclusion by Election – Log Park Water Company (copy attached). Sandra Walker and Dan Rosenblatt, Log Park Water Company Treasurer and Vice President respectively, presented Inclusion by Election – Log Park Water Company, stating that following the April 9, 2013 PAWSD Regular Meeting in which the PAWSD Board agreed it would view favorably a Petition to Include, the Log Park Water Company has decided to proceed with an Inclusion by Election process. Following a lengthy discussion in which the Board agreed that any Public Hearing held on the matter shall include notice to all of the property owners in the area seeking inclusion and the current Equity-Buy-In Fee of \$5,884.00 will

apply in any inclusion agreement, the Board directed staff to continue working with Log Park Water Company on an Inclusion by Election.

Consideration of Board of Directors Code of Conduct

The Board considered the Board of Directors Code of Conduct (copy attached). Chairman Bunch presented Board of Directors Code of Conduct, stating “this District needs its Board of Directors to operate by a definable set of rules. We already have an existing Code of Conduct document that is essentially created for just that purpose, but is currently being ignored by some. Either we must operate by this set of guidelines or change those guidelines to something to which we can and will adhere. We also need to codify what actions will be taken when someone ignores these guidelines.” Following a lengthy discussion in which the Board Members commented on various sections of the Board of Directors Code of Conduct, a motion was made by Chairman Bunch and seconded by Director Adams to agree to set a limit on the amount of work that can be requested of staff by a single Board Member to one-half hour. The motion passed unanimously. The Board also reached consensus on not incurring District expenses as a result of a single Board Member’s request for information and/or documents. A motion was made by Chairman Bunch and seconded by Director Adams to amend the Bylaws to provide that any motion raised for Board approval that fails shall not be brought back to the Board for six months. The motion passed unanimously.

Consideration of Approval of Revision to the Board of Directors Bylaws

The Board considered Approval of Revision to the Board of Directors Bylaws (copy attached). Chairman Bunch presented Approval of Revision to the Board of Directors Bylaws, stating the revision is intended to reflect a decision made by the Board during the August 13, 2013 Regular Meeting to require the approval of the majority of the rate payers prior to issuing any new revenue bonds. A motion was made by Director Church and seconded by Director Walsh to approve the revision to the Bylaws as presented. The motion passed 4 – 1 with Chairman Bunch opposed.

Consideration of 2012 PAWSD Annual Report to Archuleta County

The Board considered 2012 PAWSD Annual Report to Archuleta County (copy attached). Shellie Peterson, Business Services Manager, presented 2012 PAWSD Annual Report to Archuleta County, stating this is an annual report filed with Archuleta County by October 1st of each year. A motion was made by Director Church and seconded by Director Vega to approve the 2012 PAWSD Annual Report to Archuleta County and authorize the President to execute the necessary documents. The motion passed unanimously.

Discussion Regarding Vista Wastewater Treatment Plant and Greenhouse Update

The Board discussed Vista Wastewater Treatment Plant and Greenhouse Update (copy attached). Renee Lewis, Special Projects Manager, presented Vista Wastewater Treatment Plant and Greenhouse Update, stating that since the last update on August 28, 2013, Parkson has reached out to staff regarding assistance in the permitting process and has committed to proving its thermal-drying facility (“greenhouse”) can produce Class A Biosolids. The Board agreed to allow Parkson time to assist in the permitting process and prove its greenhouse can produce Class A Biosolids.

Consideration of Entering into Executive Session Pursuant to Section as Described Above

The Board considered Entering into Executive Session Pursuant to Section as Described Above (copy attached). The Board did not enter into Executive Session and agreed to schedule a Special Meeting for September 17, 2013 when Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C. could be in attendance. The Board agreed to table this item for the September 17, 2013 Special Meeting.

Discussion Regarding Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.

The Board considered Discussion Regarding the Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C. (copy attached). The Board agreed to table this item for the September 17, 2013 Special Meeting when Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C. could be in attendance.

Other Business

Ed Winton presented to the Board an update on the area fiber optic project, stating the termination point, alignment, and cost of the project have all been revised since this item was last brought before the Board on June 26, 2012. Mr. Winton further added, the cost increase would be approximately \$11,000.00, but the Town of Pagosa Springs is willing to cost-share this expense as an offset for PAWSD in order to maintain the project. A motion was made by Director Vega and seconded by Chairman Bunch to approve the appropriation of the additional funds, \$5,000.00, for the project due to the enhancement it lends to the objective of implementing the CityWorks asset management system, and because it integrates PAWSD with other entities in the area. The motion passed 3 – 2 with Directors Church and Walsh opposed.

There being no further business to come before the Board, the meeting was adjourned at 5:20 p.m.

Respectfully submitted,

Michael Church
Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT)
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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 Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, September 17, 2013 at 2:00 p.m. 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 regarding the Dry Gulch Reservoir Project agenda item pursuant to Section 24-6-402(4)(b), C.R.S. The Special Meeting will be held at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Consideration of Entering into Executive Session Pursuant to Section as Described Above
2. Consideration of Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.
3. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 17, 2013 SPECIAL MEETING

Attendance

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

In attendance from staff: Ed Winton and Renee Lewis. Also present: Jeffery P. Robbins, Bruce Dryburgh, 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 2:09 p.m.

Consideration of Entering into Executive Session Pursuant to Section 24-6-402(4)(b), C.R.S. and Consideration of Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.

The Board considered Entering into Executive Session Pursuant to Section 24-6-402(4)(b), C.R.S. for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project from Mr. Jeffery P. Robbins, Goldman, Robbins & Nicholson, P.C. (copy attached). A motion was made by Chairman Bunch and seconded by Director Walsh to enter into Executive Session for a conference with the District's attorney for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project pursuant to Section 24-6-402(4)(b), C.R.S. The motion passed unanimously. The Board entered into Executive Session at 2:19 p.m.

The Board considered the Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C. (copy attached). Upon returning to Open Session at 4:10 p.m., the Board agreed to make the regularly scheduled work session on September 24, 2013 a special meeting. The Board also agreed to consider taking action on the Dry Gulch Reservoir Project at said special meeting.

There being no further business to come before the board, the meeting was adjourned at 4:18 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, September 24, 2013, at 2:00 p.m. 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:

- 13. Consideration of Resolution 2013 – 04 – Resolution Terminating the Amended and Restated Intergovernmental Agreement Concerning the Dry Gulch Project between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District and Notice of Termination Letter to San Juan Water Conservancy District
- 14. Consideration of Draft Final 2013 Rate Study

Work Session:

- 3. Discussion Regarding Repeal of 2000 Ballot Issue No. 5A
- 4. Discussion Regarding Water Modeling and Future Master Plan
- 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

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
SEPTEMBER 24, 2013 SPECIAL MEETING

Attendance

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

In attendance from staff: Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present: Ed Fincher, Art Dilione, John Bozek, Jan Clinkenbeard, Bruce Dryburgh, Jim Huffman, Rod Proffitt, and Polly McLaughlin.

Call to Order

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

Consideration of Resolution 2013 – 04 – Resolution Terminating the Amended and Restated Intergovernmental Agreement Concerning the Dry Gulch Project between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District and Notice of Termination Letter to San Juan Water Conservancy District

The Board considered Resolution 2013 – 04 – Resolution Terminating the Amended and Restated Intergovernmental Agreement Concerning the Dry Gulch Project between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District and Notice of Termination Letter to San Juan Water Conservancy District (copy attached). Chairman Bunch presented Resolution 2013 – 04 – Resolution Terminating the Amended and Restated Intergovernmental Agreement Concerning the Dry Gulch Project between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District and Notice of Termination Letter to San Juan Water Conservancy District, stating the District's attorney on the matter, Jeffery P. Robbins - Goldman, Robbins & Nicholson, P.C., has provided for the Board's consideration a resolution and letter pertaining to the termination of the above stated intergovernmental agreement. A motion was made by Chairman Bunch and seconded by Director Vega to adopt Resolution 2013 – 04 – Resolution Terminating the Amended and Restated Intergovernmental Agreement Concerning the Dry Gulch Project between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District. The motion passed unanimously. Director Walsh suggested and the Board agreed the following sentence should be removed from the letter as this statement does not reflect the position of the entire Board, "The PAWSD Board also believes it would be prudent for both Boards to reach out to the Colorado Water Conservation Board to engage it in a dialog regarding the financial indebtedness relating to the Dry Gulch project." A motion was made by Director Vega and seconded by Chairman Bunch to authorize the President/Chairman to execute the Notice of Termination Letter to San Juan Water Conservancy District as amended above with copies to the U.S. Forest Service, Colorado Water Conservation Board, Archuleta County Board of County Commissioners, and the Southwest Basin Roundtable. The motion passed unanimously. The Board also agreed to provide San Juan Water Conservancy District with 30 days from notice of receipt to respond and to reconsider the Resolution 2013 – 04 – Resolution Terminating the Amended and Restated Intergovernmental Agreement Concerning the Dry Gulch Project between the Pagosa Area Water and

Sanitation District and the San Juan Water Conservancy District and Notice of Termination Letter to San Juan Water Conservancy District at the next regular meeting scheduled after the 30-day period.

Consideration of Draft Final 2013 Rate Study

The Board considered Draft Final 2013 Rate Study (copy attached). Shellie Peterson, Business Services Manager, presented the Draft Final 2013 Rate Study, stating that the Draft Final 2013 Rate Study is being presented to the Board as a planning document and the Board is only considering for approval the one water rate increase for 2014. Said increase would entail raising the base rate for water service to \$23.50, retaining the three tier rate structure with a decrease in the rate of each tier to \$4.22, \$8.44, and \$10.60 respectively, and allowing for the first 2000 gallons/ EU each month to be included in the base rate. A motion was made by Director Vega and seconded by Chairman Bunch to accept the Draft Final 2013 Rate Study dated August 2013 as presented. The motion passed 4 -1 with Director Church opposed.

There being no further business to come before the Board, the meeting was adjourned at 2:55 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 Pagosa Area Water and Sanitation District (PAWSD) has been scheduled for Tuesday, October 8, 2013 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 – 9/10/13 Regular Meeting and 9/17/13 Special Meeting
 - Water Loss Update
 - Investment Report – September 30, 2013
 - Financial Statements – September 30, 2013
3. Public Comment
4. Consideration of Repeal of 2000 Ballot Issue 5A Update
5. Consideration of RPIE and CIP
6. Consideration of Approval of Revision to the Board of Directors Bylaws
7. Consideration of Rate Structure Changes and Direction on Implementation
8. Discussion Regarding Vista Wastewater Treatment Plant and Greenhouse Update
9. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
OCTOBER 8, 2013 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, James Jamieson, Bruce Branum, and Renee Lewis. Also present: John Ramberg, Pat Rydz, Mark Weiler, Dana Hayward, Bill Hudson, and Art Dilione.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:07 p.m. A motion was made by Chairman Bunch and seconded by Director Church to excuse Director Vega as he had called to say he was 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 September 10, 2013 Regular Meeting and the September 17, 2013 Special Meeting, Water Loss Update, Investment Report – September 30, 2013, and Financial Statements – September 30, 2013. Director Walsh noted a typo on line 99 of the September 10, 2013 minutes that should be corrected. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of September is up from the month of August amount of 18.7 million to 18.8 million. Mr. Winton further stated now that the loss numbers have leveled out and he has more confidence in the data, and the problem is most likely many small leaks in the system, as suspected. Shellie Peterson, Business Services Manager, presented the Investment Report – September 30, 2013, stating the report is very similar to that of the last quarter as there has been little change in the District's investments since then. Mrs. Peterson also presented the Financial Statements – September 30, 2013, stating the report reflects the actual expenditures to be at or less than 75% of the budgeted financial activities of PAWSD as would be expected at this point in the year, but the expenditures will be increasing as projects are completed by year end. A motion was made by Chairman Bunch 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. Bill Hudson offered comments regarding articles written for the Pagosa Daily Post. John Ramberg offered comments regarding water loss and water rates. Pat Rydz offered comments regarding the proposed rate structure changes.

Consideration of Repeal of 2000 Ballot Issue 5A Update

The Board considered Repeal of 2000 Ballot Issue 5A Update (copy attached). The Board agreed to table this item for the next regular meeting when Director Vega can be present for the discussion.

Consideration of RPIE and CIP

The Board considered the RPIE and CIP (copy attached). Shellie Peterson presented the RPIE and CIP, stating she requests the Board review these projects in preparation for the release of the Proposed 2014 Budget to public on October 15, 2013. The Board reviewed the following projects on the RPIE and CIP: Pretreatment at the San Juan Water Treatment Plant, Commercial Water Fill Station, Water Master Plan, Sewer Dump Station, Asphalt Resealing, GIS Implementation, Wastewater Model, SCADA System Upgrades, Wastewater Treatment Plant Upgrades, Collection System Upgrades, Distribution System Upgrades, Vehicle Replacement, Snowball Water Treatment Plant Media, and Capital Equipment. Mrs. Peterson also presented a rate/cost comparison of the Wastewater Hauler Charge versus other entities in Southwest Colorado and the actual cost for PAWSD to treat said wastewater, which revealed that PAWSD is charging substantially less than most area facilities and substantially less than what it actually costs PAWSD to treat this type of wastewater. A motion was made by Director Adams and seconded by Director Vega to increase the Wastewater Hauler Charge to \$8.15/100 gallons, which is approximately 33% of the difference between the current rate and the projected cost to treat this type of wastewater, \$17.26/100 gallons, effective January 1, 2014. The motion passed unanimously 5 – 0 as Director Vega entered the meeting during this discussion at 3:29 p.m.

Consideration of Approval of Revision to the Board of Directors Bylaws

The Board considered the Approval of Revision to the Board of Directors Bylaws (copy attached). Renee Lewis, Special Projects Manager, presented Revision to the Board of Directors Bylaws. Following a lengthy discussion in which the merits and demerits of the revision were debated, a motion was made by Director Vega and seconded by Director Church to redraft the revision to state “Any motion raised for Board approval, at which all five Board Members are present and voting, that fails shall not be brought back to the Board for six months.” The motion passed 3 – 2 with Chairman Bunch and Director Walsh opposed.

Discussion Regarding Vista Wastewater Treatment Plant and Greenhouse Update

The Board agreed to place the discussion regarding the Vista Wastewater Treatment Plant and Greenhouse Update ahead of the Rate Structure Changes and Direction on Implementation agenda item. The Board discussed the Vista Wastewater Treatment Plant and Greenhouse Update (copy attached). Ed Winton presented Vista Wastewater Treatment Plant and Greenhouse Update, stating a scope of work has been sent to the design engineer of the new digester for the Vista Wastewater Treatment Plant in an attempt to get the digester working correctly and staff is awaiting a response. Renee Lewis provided a regulatory update, stating the Greenhouse manufacturer, Parkson, site visit on September 24, 2013 went well and staff is awaiting the sample results taken during said site visit. Ms. Lewis also stated that she is expecting Parkson to provide PAWSD a standard operating procedure for the Greenhouse so as to direct staff on how to operate the Greenhouse in the most optimal manner.

Consideration of Rate Structure Changes and Direction on Implementation

The Board considered the Rate Structure Changes and Direction on Implementation (copy attached). Shellie Peterson presented the Rate Structure Changes and Direction on Implementation, stating that she requests direction as to how the Board would like to proceed with implementing the conclusions of the 2013 Rate Study. The Board directed staff to proceed with scheduling a public hearing for November 12, 2013 for the purposes of soliciting public comment on the proposed changes to the water rate structure in

keeping with HB 13-1186. The Board also directed staff to put the 2013 Rate Study on the PAWSD website, publish display ads in the Pagosa SUN, and prepare statement messaging informing the public of the proposed changes.

There being no further business to come before the Board, the meeting was adjourned at 6:26 p.m.

Respectfully submitted,

Michael Church
Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT

ARCHULETA COUNTY

STATE OF COLORADO

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) S.S.
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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, October 22, 2013 at 2:00 p.m. 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 regarding the Dry Gulch Reservoir Project agenda item pursuant to Section 24-6-402(4)(b), C.R.S. 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:

- 15. Discussion Regarding Proposed 2014 Budget
- 16. Discussion Regarding Algae Mitigation Methods

Special Meeting:

- 1. Discussion Regarding Clarification 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
- 2. Consideration of Entering into Executive Session Pursuant to Section as Described Above
- 3. Consideration of Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.
- 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

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
OCTOBER 22, 2013 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: Dana Hayward, John Bozek, John Ramberg, George Davies, Jeffery P. Robbins, and Art 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 4:13 p.m. A motion was made by Director Vega and seconded by Chairman Bunch to excuse Director Adams from the meeting as he had called to say he would not be able to attend. The motion passed unanimously.

Consideration of Entering into Executive Session Pursuant to Section 24-6-402(4)(b), C.R.S. and Consideration of Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.

The Board agreed to amend the agenda to allow for this item to be considered prior to Discussion Regarding Clarification 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 because no one from the public was present specifically for the above stated item and those in attendance did not object. The Board considered Entering into Executive Session Pursuant to Section 24-6-402(4)(b), C.R.S. for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project from Mr. Jeffery P. Robbins, Goldman, Robbins & Nicholson, P.C. (copy attached). A motion was made by Chairman Bunch and seconded by Director Vega to enter into Executive Session for a conference with the District's attorney for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project pursuant to Section 24-6-402(4)(b), C.R.S. The motion passed unanimously. The Board entered into Executive Session at 4:17 p.m.

The Board considered the Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C. (copy attached). Upon returning to Open Session at 5:45 p.m., a motion was made by Director Vega and seconded by Chairman Bunch to terminate PAWSD general counsel relationship with Collins, Cockrel & Cole, P.C. and engage Goldman, Robbins & Nicholson, P.C. as new PAWSD general counsel with the proviso that water law cases in process and certain general counsel matters involving the Alpine Cascade property, inclusion of Log Park Water Company and other smaller inclusions also in process be completed by Collins, Cockrel & Cole, P.C., and with the additional proviso that Collins, Cockrel & Cole conduct the May 2014 election subject to the competitive estimates of cost associated therewith. The motion passed unanimously. For further clarification, a motion was made by Director Vega and seconded by Chairman Bunch that PAWSD shall henceforth refer all matters pertaining to

water law to Goldman, Robbins & Nicholson, P.C. for determination of appropriate water law legal counsel. The motion passed unanimously.

Discussion Regarding Clarification 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 discussed Clarification 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 (copy attached). Shellie Peterson, Business Services Manager, presented Clarification 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, stating staff requires clarification from the Board as to how to implement said resolution in regards to multi-family dwellings. Following a lengthy discussion, a motion was made by Director Vega and seconded by Chairman Bunch to direct staff to review 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 for possible rescission and/or clarification by amendment. The motion failed 2 – 2 with Directors Church and Walsh opposed.

There being no further business to come before the Board, the meeting was adjourned at 6:44 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 Pagosa Area Water and Sanitation District (PAWSD) have been scheduled for Tuesday, November 12, 2013 at 2:00, 2:30, 2:45, and 3:15 p.m. respectively. 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 – 9/24/13 Special Meeting and 10/8/13 Regular Meeting
 - Water Loss Update
 - Pagosa Springs Sanitation General Improvement District Sewer Project and PAWSD Water Line Project Bid Update
 - Vista Wastewater Treatment Plant and Greenhouse Update
 - Repeal of 2000 Ballot Issue 5A Update
3. Public Comment
4. 2:30 p.m. Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer
 - a) Consideration of Letters of Request Received
 - b) Consideration of Resolution 2013 – 05 – Resolution to Certify Delinquent Accounts to County Treasurer
5. 2:45 p.m. Public Hearing – Consideration of Revisions to 2014 Rate Structure
6. 3:15 p.m. Public Hearing – Consideration of Proposed 2014 Budget
7. Consideration of the Proposed 2014 CIP
8. Consideration of Resolution 2013 – 06 – Resolution to Amend and Restate Resolutions Adopting Policy to Determine Equivalent Units for New, Change of Use, or Initial Construction of Commercial, Multi-family, and Residential Connections to the District’s Municipal Water System
9. Consideration of Renewal of District Contractor’s Contract – Hart Construction
10. Consideration of Renewal of District Engineer’s Contract – Bartlett & West, Inc.
11. Consideration of Approval of Revision to the Board of Directors Bylaws
12. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Renee Lewis
 For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
NOVEMBER 12, 2013 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: Dana Hayward, Art Dillione, John Bozek, Lee Vorhies, Gary Waples, Paul Hansen, Mark Weiler, Jim Huffman, Jace Johnson, Bill Hudson, Chalyn Fitzgerald, and Gale Tuggle.

Call to Order

The Regular Meeting for the Pagosa Area Water and Sanitation District (PAWSD) was called to order by Chairman Allan Bunch at 2:04 p.m.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the September 24, 2013 Special Meeting and the October 8, 2013 Regular Meeting, Water Loss Update, Pagosa Springs Sanitation General Improvement District Sewer Project and PAWSD Water Line Project Bid Update, Vista Wastewater Treatment Plant and Greenhouse Update, and Repeal of 2000 Ballot Issue 5A Update. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss for the month of October is up from the month of September amount of 18.8 million to 20.2 million. Mr. Winton further noted that the Water Loss Survey project has been re-bid as of October 31, 2013 and that five bids have been received to date. Mr. Winton noted that although this project is not currently budgeted for 2014, given the bids are reasonable and because addressing water loss is of the utmost of importance, he anticipates returning to the Board for \$150,000.00. Gregg Mayo, Project Manager, presented the Pagosa Springs Sanitation General Improvement District Sewer Project and PAWSD Water Line Project Bid Update, stating there were eight bidders with the lowest being Hammerlund. Renee Lewis, Special Projects Manager, presented Vista Wastewater Treatment Plant and Greenhouse Update, stating the composite sampling of the Biosolids taken on September 24, 2013 revealed Class A results for vector reduction and pathogen destruction and that progress is being made on addressing the operational issues with the new digester. Ms. Lewis also presented Repeal of 2000 Ballot Issue 5A Update, stating that she received a legal opinion and cost estimate on reinstating TABOR restrictions on the District from Spencer Fane & Grimshaw that was divergent from Collins, Cockrel & Cole in that it didn't require PAWSD to hold a TABOR election because they did not believe reinstating TABOR restrictions was a TABOR question per se. A motion was made by Director Walsh and seconded by Director Vega to reinstate TABOR restrictions on the District by standard ballot issue for the May 2014 election whether it be a mail ballot only election, polling place only election, or combination of polling place and absentee mail ballot. The motion passed 4 – 1 with Director Adams opposed. A motion was made by Director Vega and seconded by Director Walsh to approve the Consent Agenda. The motion passed unanimously.

Public Comment

Chairman Bunch opened the meeting to public comment. Gale Tottle offered comments regarding the current and proposed rate structure. Chalyn Fitzgerald offered comments regarding the proposed rate structure and the need to reward those who conserve water. Jace Johnson offered comments regarding how the proposed rate structure would impact his property management business. Paul Hansen offered comments regarding a customer's ability to remove a water meter from their property without having to again pay connection fees once the meter is reinstalled.

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 2:37 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, Business Services Manager, presented Consideration of Certification of Delinquent Accounts to County Treasurer, stating the amount being certified this year was similar to 2012 primarily due to PAWSD utilizing the Colorado Collection Services for delinquent accounts. A motion was made by Director Vega and seconded by Chairman Bunch to adopt Resolution 2013 – 05 – Resolution to Certify Delinquent Account to County Treasurer. The motion passed unanimously.

Chairman Bunch closed the Public Hearing – Consideration of Certification of Delinquent Accounts to County Treasurer at 2:40 p.m.

Public Hearing – Consideration of Revisions to 2014 Rate Structure

Chairman Bunch opened the Public Hearing – Consideration of Revisions to 2014 Rate Structure at 2:41 p.m.

The Board considered Revisions to 2014 Rate Structure (copy attached). Shellie Peterson presented Revisions to 2014 Rate Structure, stating the history of the 2013 Rate Study for the benefit of the audience. She also explained that as a result of the 2011 Rate Study, PAWSD needed to increase water service rates in 2014 by 4.4% in order to meet debt service requirements. Mrs. Peterson further noted the Board had decided in this most recent rate study that such increase in revenue would come from a fixed portion of the rate structure as this allows for a decrease in the volumetric rate tiers and provides a more consistent stream of revenue.

Chairman Bunch closed the Public Hearing – Consideration of Revisions to 2014 Rate Structure at 3:48 p.m.

Public Hearing – Consideration of Proposed 2014 Budget

Chairman Bunch opened the Public Hearing – Consideration of Proposed 2014 Budget at 3:49 p.m.

The Board considered Proposed 2014 Budget (copy attached). Shellie Peterson presented Proposed 2014 Budget, stating the few adjustments that had been made since the last presentation on October 15, 2013. Following a lengthy discussion, a motion was made by Director Walsh and seconded by Director Church to delete the phrase "and represents a balanced Budget" from the first paragraph of the

Introduction on page 1. The motion failed 3 – 2 with Directors Church and Walsh in favor. A motion was made by Director Vega and seconded by Chairman Bunch to post the Proposed 2014 Budget as presented with the addition of a footnote for the Board Expense line item, which states this amount includes the anticipated cost of mail ballot only for the May 2014 election. The motion passed unanimously.

Chairman Bunch closed the Public Hearing – Consideration of Proposed 2014 Budget at 4:11 p.m.

Consideration of the Proposed 2014 CIP

The Board considered the Proposed 2014 CIP (copy attached). Ed Winton presented Proposed 2014 CIP, stating the need for the PLC radios and how they are utilized by PAWSD staff. A motion was made by Chairman Bunch and seconded by Director Vega to approve the Proposed 2014 CIP as presented. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Consideration of Resolution 2013 – 06 – Resolution to Amend and Restate Resolutions Adopting Policy to Determine Equivalent Units for New, Change of Use, or Initial Construction of Commercial, Multi-family, and Residential Connections to the District’s Municipal Water System

The Board considered Resolution 2013 – 06 – Resolution to Amend and Restate Resolutions Adopting Policy to Determine Equivalent Units for New, Change of Use, or Initial Construction of Commercial, Multi-family, and Residential Connections to the District’s Municipal Water System (copy attached). Shellie Peterson presented Resolution 2013 – 06 – Resolution to Amend and Restate Resolutions Adopting Policy to Determine Equivalent Units for New, Change of Use, or Initial Construction of Commercial, Multi-family, and Residential Connections to the District’s Municipal Water System, stating she believes this resolution will address the implementation concerns she had expressed to the Board during the October 22, 2013 Special Meeting regarding the Board’s decision to change the residential equivalent unit calculation in 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. A motion was made by Director Adams and seconded by Chairman Bunch to approve Resolution 2013 – 06 – Resolution to Amend and Restate Resolutions Adopting Policy to Determine Equivalent Units for New, Change of Use, or Initial Construction of Commercial, Multi-family, and Residential Connections to the District’s Municipal Water System. The motion passed unanimously.

Consideration of Renewal of District Contractor’s Contract – Hart Construction

The Board considered Renewal of District Contractor’s Contract – Hart Construction (copy attached). Ed Winton presented Renewal of District Contractor’s Contract – Hart Construction, stating that typically at this time of year PAWSD determines whether to renew these types of contracts. A motion was made by Chairman Allan Bunch and seconded by Director Vega to approve the extension of Hart Construction’s contract as District Contractor for 365 days effective January 1, 2014. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Consideration of Renewal of District Engineer’s Contract – Bartlett & West, Inc.

The Board considered Renewal of District Engineer’s Contract – Bartlett & West, Inc. (copy attached). Following a lengthy discussion, a motion was made by Director Adams and seconded by Chairman Bunch to extend the District Engineer’s Contract for On-call Engineering Services with Bartlett & West, Inc. for an additional six years, effective January 1, 2014 through December 31, 2019, with a change in Venue

from Shawnee County, Kansas to Archuleta County, Colorado. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Consideration of Approval of Revision to the Board of Directors Bylaws

The Board considered Revision to the Board of Directors Bylaws (copy attached). Renee Lewis presented Revision to the Board of Directors Bylaws, stating the revision is intended to reflect a decision made by the Board during the October 8, 2013 Regular Meeting to require that any motion raised for Board approval, at which all five Board Members are present and voting, that fails shall not be brought back to the Board for six months. A motion was made by Director Vega and seconded by Chairman Bunch to approve the revision to the Bylaws as presented. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 5:56 p.m.

Respectfully submitted,

Michael Church
Secretary

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
DECEMBER 10, 2013 REGULAR MEETING

Attendance

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

In attendance from staff: Ed Winton, Shellie Peterson, Gregg Mayo, and Renee Lewis. Also present: Dana Hayward, Art Dilione, Mark Weiler, Jeff Robbins, Jim Huffman, Paul Hansen, David Mitchem, Darrel Cotton, 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 2:05 p.m.

Approval of Consent Agenda

The Board considered the Consent Agenda. The Directors reviewed the minutes for the October 22, 2013 Special Meeting and the November 12, 2013 Regular Meeting, and the Water Loss Update. Ed Winton, District Manager, presented the Water Loss Update, stating the water loss amount for the month of November is down from the month of October amount of 18.5 million to 3.3 million. He attributed the significant decrease to the many breaks discovered in the past month, but qualified this statement with hesitation given the dramatic change in values. Mr. Winton further indicated that such an anomaly should be taken cautiously until subsequent month's reports indicate if a dramatic reduction in demand on the distribution system is verified. A motion was made by Director Vega and seconded by Director Adams to approve the Consent Agenda as presented. The motion passed unanimously 4 – 0 as Director Walsh was not yet at the meeting.

Public Comment

Chairman Bunch opened the meeting to public comments. John Ramberg offered comments regarding water loss (copy attached).

Consideration of Sewer Line from Town of Pagosa Springs to PAWSD Main Campus

The Board considered Sewer Line from Town of Pagosa Springs to PAWSD Main Campus (copy attached). Mark Weiler, Pipeline Project Steering Committee Chairman, provided to the Board the November 21, 2013 recommendation for the Pagosa Springs Sanitation General Improvement District (PSSGID) to approve the funding for the Sewer Line from Town of Pagosa Springs to PAWSD Main Campus. David Mitchem, Town of Pagosa Springs Manager, confirmed the PSSGID Board did in fact approve the funding, \$6,853,000.00 with \$1,200,000.00 for any shortfalls, for the Sewer Line from Town of Pagosa Springs to PAWSD Main Campus on November 21, 2013. A motion was made by Director Adams and seconded by Chairman Bunch to approve the funding, \$2,845,000.00, for the PAWSD portion of the Sewer Line from Town of Pagosa Springs to PAWSD Main Campus. The motion passed unanimously.

Consideration of Water Line from Meadows Subdivision to District 2

The Board considered Water Line from Meadows Subdivision to District 2 (copy attached). Ed Winton presented Water Line from Meadows Subdivision to District 2, stating this project could be paid for from the remaining 2006 Revenue Bond money and the approximately \$2,247,000.00 in projected reserves. A motion was made by Director Adams and seconded by Chairman Bunch to approve Water Line from Meadows Subdivision to District 2. The motion passed 3 – 2 with Directors Church and Walsh opposed.

Consideration of Revisions to 2014 Rate Structure

The Board considered Revisions to 2014 Rate Structure (copy attached). Shellie Peterson, Business Services Manager, presented Revisions to 2014 Rate Structure, stating the 2014 Proposed Budget includes the revisions to the rate structure, which have been discussed in detail at many meetings throughout 2013 and at a Public Hearing held on November 12, 2013. Mrs. Peterson also stated that said revisions are based upon the updated Financial Plan and Rate Study that was accepted by the Board on September 24, 2013. A motion was made by Chairman Bunch and seconded by Director Vega to approve the Revisions to the 2014 Rate Structure. The motion passed 3 - 2 with Directors Church and Walsh opposed.

Consideration of Proposed 2014 Budget and Certification of Mill Levies

The Board considered Proposed 2014 Budget and Certification of Mill Levies (copy attached). Shellie Peterson presented Proposed 2014 Budget and Certification of Mill Levies, stating that the Proposed 2014 Budget represents a balanced budget in that expenses do not exceed available resources. She also stated that approximately \$3,700,000.00 would remain as fund balance in the Water Enterprise Fund to allow for subsequent amendment once the estimates for pretreatment at the San Juan Water Treatment Plant are determined. Director Walsh stated he would prefer to put an allowance of \$2,000,000.00 estimated to be needed for said upgrades in the budget prior to it being approved rather than amending the budget later in 2014. The Board agreed. A motion was made by Director Walsh and seconded by Director Vega to adopt Resolution 2013 – 07 – Resolution to Adopt the 2014 Budget as amended above. The motion passed unanimously. A motion was made by Chairman Bunch and seconded by Glenn Walsh to authorize the PAWSD Chairman and the Treasurer to execute the documents necessary to certify the Mill Levy of 14.348 for District 1 (6.090 Operating, 8.147 Debt Service, and .111 Abatement) and 6.108 for District 2 (1.949 Operating, 4.137 Debt Service, and .022 Abatement) as presented.

Consideration of Board of Directors Code of Conduct

The Board considered the Board of Directors Code of Conduct (copy attached). A motion was made by Allan Bunch and seconded by Glenn Walsh to table this item for the January 14, 2013 Regular Meeting when all of the Directors could be physically present. The motion passed unanimously.

Consideration of Entering into Executive Session Pursuant to Section 24-6-402(4)(b), C.R.S. and Consideration of Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C.

The Board considered Entering into Executive Session Pursuant to Section 24-6-402(4)(b), C.R.S. for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project

from Jeffery P. Robbins, Goldman, Robbins & Nicholson, P.C. (copy attached). Prior to entering into Executive Session, Mr. Robbins provided the Board with a legal update on matters not pertaining to the Dry Gulch Reservoir Project. The Board directed Mr. Robbins to further research the matter of reinstating TABOR restrictions on the District in his capacity as General Counsel. A motion was made by Director Vega and seconded by Chairman Bunch to enter into Executive Session for a conference with the District's attorney for the purposes of receiving legal advice on specific legal questions regarding the Dry Gulch Reservoir Project pursuant to Section 24-6-402(4)(b), C.R.S. The motion passed unanimously. The Board entered into Executive Session at 4:05 p.m.

The Board considered the Dry Gulch Reservoir Project – Jeffery P. Robbins – Goldman, Robbins & Nicholson, P.C. (copy attached). Upon returning to Open Session at 4:39, the Board thanked Mr. Robbins for providing legal advice on specific legal questions regarding the Dry Gulch Reservoir Project during Executive Session at which no decisions were made.

Other Business

The Board agreed to cancel the December 24, 2013 Regular Work Session.

There being no further business to come before the Board, the meeting was adjourned at 4:48 p.m.

Respectfully submitted,

Michael Church
Secretary