

Lake Durango Water Authority
Minutes of the First Meeting of the Board of Directors
January 22, 2008

1. Call to Order

The meeting was called to order at 6:35 p.m. by Director Peter Butler, with all other Board Directors present: Janet Anderson, Tom Brossia, Ward Holmes and Bob Woods. Durango West Metro District #2 (DW2) Manager Tracy Pope agreed to take minutes of the meeting.

2. Organization

a. Elect officers

Bob Woods made a motion to nominate Peter Butler to the position of President of the LDWA Board. Tom Brossia nominated Ward Holmes as President. Janet Anderson seconded Bob's nomination of Peter. Motion carried; Peter Butler will serve as President.

Peter made a motion to nominate Ward Holmes as Vice President. Tom seconded the motion. Motion carried; Ward Holmes will serve as Vice President.

Ward made a motion to nominate Bob Woods as Secretary. Janet seconded the motion. Motion carried; Bob Woods will serve as Secretary as long as a Recording Secretary is available to record the minutes of each meeting.

Janet made a motion to nominate Tom Brossia as Treasurer. Ward seconded the motion. Motion carried.

b. Discuss/Appoint Staff

Ward made a motion to table the staffing discussion until an executive session. Tracy Pope agreed to temporarily serve as Recording Secretary. Ward withdrew the motion. Ward made a motion to retain Bud Smith as the Authority's attorney. Bud Smith, who is also the attorney for Durango West #2, addressed the question of conflict of interest. He pointed out that both the Authority and DW2 are bound by the duty to honor the same contract (the Establishment Agreement); therefore, there would be no conflict of interest. Bud said he could serve through the initial formation of the LDWA and the acquisition of Lake Durango Water Company. If after closing, when a rate study is performed, Bud could step down at that time, if the Board deemed it was appropriate. Bob Woods seconded the motion to retain Bud Smith. Janet Anderson supported Bud but expressed concerns about Bud doing a thorough job on due diligence. Motion carried; Bud Smith is the attorney for LDWA.

Interim County Manager Joanne Spina explained the absence of County Attorney Jeff Robbins, due to a scheduling conflict. He is attending oil and gas rulemaking meetings in Denver and will miss the LDWA meetings, at least through February.

A member of the audience complained about inaccurate billing from Lake Durango Water Company. It was pointed out that the Authority does not run the company yet, and the customer should contact LDWC directly.

3. DOLA grant update – Ken Charles (moved up on the agenda from #7 – agenda items re-ordered)

Ken Charles from the Department of Local Affairs attended the meeting to discuss the Energy / Mineral Impact Assistance grant application submitted by DW2 in December on behalf of the LDWA. The Authority is asking for \$750,000 in grant funds, as well as a \$2 million dollar

loan. An advisory committee will review the application on March 19 & 20 in Denver. Tom Brossia and Ward Holmes agreed to make a presentation on the application on behalf of the LDWA. Video-conference presentations from Durango will also be an option. Ken will get with Bud on specific questions he may have. The LDWA Board needs to decide by mid-February if they will pursue DOLA's \$2 million dollar loan option at 5 percent interest, or withdraw the request if a lower interest rate might be available elsewhere.

4. Open Meetings Act – annual resolution

The Authority is required at the first meeting of the year to set the time and place for regular meetings and establish places for posting notices of the meetings. After some discussion, Janet Anderson made a motion to set the regular meetings for the first and third Mondays of each month at the Anasazi room of the County Courthouse, with meeting notices posted at the mail houses of Durango West 1 and 2 and Shenandoah, and one at the office of the La Plata County Clerk and Recorder. Bob Woods seconded the motion. Motion carried. Additional attempts will be made to email meeting agendas to interested parties, and to post the meeting notices on the County website, at the mail houses of Rafter J, Trappers Crossing and other subdivisions, and to arrange publication in *The Durango Herald*.

5. Financial

Financial matters were discussed. The establishing parties of the Authority (DW1, DW2 and the County) will provide an accounting of financial contributions made thus far toward the establishment of the Authority, which will be reimbursed by the Authority at a later time.

a. EIN number

The Board directed Bud to apply for an EIN number (Federal Tax ID), using Peter Butler's home address as the physical address of the Authority: 1711 Baby Bear Rd, Durango, CO 81301

b. PDPA number

Tom Brossia made a motion to apply, as Treasurer, for the Public Deposit Protection Act number, protecting the Authority's future deposits in excess of FDIC limits. Ward Holmes seconded the motion. Motion carried.

c. Sales tax exemption

The Board also directed Tom Brossia to apply for a sales tax exemption certificate.

d. Select local depository

The Board discussed local banking options. Tom Brossia will research banks, particularly those interested in buying the Authority's Revenue Bonds: Alpine, Pine River, Wells Fargo, Vectra and First National. Tom will report back to the Board

6. PUC Application

The Board will review the PUC application for discussion and approval at the Feb. 4th meeting.

7. Budget – set hearing

Bud prepared a draft budget based on 6 months of revenues for 2008. A budget hearing was set for Feb. 18th. Bud will publish the required legal notice. The draft budget will be available for inspection at the office of the La Plata County Clerk & Recorder. The Board will review and discuss the budget at the Feb. 4th meeting, prior to the public hearing on the 18th.

8. Other

The Board created a to-do list:

- Create Bylaws (Bud will provide a draft prior to the Feb. 4th meeting)
- Retain a PUC attorney (to be discussed Feb. 4th)
- Research governmental accounting firms (Janet will draft a Request For Proposals for early March)
- Discuss a possible grant from the Southwest Water Conservation District in late March
- Follow-up on Division of Water Resources' dealings with LDWC, particularly the installation of a waste-gate in early February, as well as the possible need for an emergency request to get water from the Bureau of Reclamation and the upcoming Pine Ridge Ditch meeting. (Tom Brossia will keep the Board informed).
- Review list provided by LDWC Engineer Win Wright, who on his own time put together a prioritized list of the tasks facing the Authority.
- Begin due diligence: for example, who owns water lines and pays for maintenance: subdivisions or LDWA, is it a liability or an asset? Also, easements, a LDWC tour, and other items were discussed.
- Discuss personnel of LDWA (Tom will talk to current LDWC employees Tim Cavanaugh and Bud Fitts, using broad terms, explaining when decision might be made)
- Contact Bob Johnson with an update on when closing might take place (Bud will call LDWC Attorney Ed Lyons)

9. Adjourn

The meeting was adjourned at 8:50 p.m.