

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held January 20, 1988

Present were Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Gary Rinderle was also present.

The meeting was called to order at 7:38 p.m. by Vice Chairman Ela.

Director Ballagh moved to accept the minutes of the December 16th meeting as presented. The motion was seconded by Director Barrick and passed unanimously.

Director Ela gave the floor to Gary Rinderle to present his business. Mr. Rinderle requested an out-of-district tap for some property he owns approximately one mile southeast of the Clifton Water District boundary in Whitewater on Highway 50. The owner of the very same property had presented a petition to the Directors on October 15, 1986, for inclusion within the District boundaries, said petition was denied. The Superintendent read that portion of the minutes of the October 15, 1986 meeting to the Directors to refresh their memory as to why inclusion in the District had been denied at that time. After a 30-minute discussion, it was generally agreed by the Directors that providing water to this property was an engineering problem, not a conflict with District policy, and requested the Superintendent to look in to the matter and make a recommendation at the next meeting. Based on this consensus, Director Garber moved to table the matter until the Superintendent had made his report. Director Ballagh seconded the motion with the stipulation that the matter would be discussed at the next meeting. The motion passed unanimously.

During the discussion of the Financial Report, mileage paid to Directors while they were representing the District at various functions throughout the area was discussed at some length. After this discussion, Director Barrick moved to pay Directors \$0.34 per mile for representing the District at functions throughout the state and to pay employees the same amount when they use their own vehicles because a District vehicle was not available or in the interest of safety, or necessity (such as using a four-wheel drive to negotiate the mountain passes instead of the District's two-wheel drive vehicles). The motion was seconded by Director Ballagh and passed unanimously.

Director Ballagh moved to accept the Financial Report and pay the Accounts Payable in the amount of \$45,140.05 as shown on the Report plus an additional payment of \$152.16 to Graphic Specialists as well as a \$35,000 transfer of funds from Palisades National Bank to Mesa Federal, provided that payment to Director Garber for his expenses in attending a Special District meeting in Steamboat Springs be increased by \$147.20 to reflect the \$0.34 per mile transportation cost. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent said there was no change on the status of the change of use of Grand Valley Irrigation Shares from irrigation to irrigation and domestic.

There was a 15-minute discussion on the City, Ute and Clifton merger. This discussion also involved the feeling of cooperation the Directors received when they hosted a gathering with three City Council members and two of their staff on January 14th at the Water Office. No formal action was taken.

The meeting between the Directors and the owners of the water of the Kannah Creek Extension Ditch which had been previously set for January 6, 1988 and then postponed due to weather was also discussed at some length. The Superintendent was instructed to contact Attorney Dufford to see what filings the District would have to make should some agreement be reached with the owners of the water in Kannah Creek Extension Ditch (Whitewater Ditch #2).

The Superintendent told the Directors that the plaintiff had prevailed over the District in small claims court to recover \$14.00 late charges and court costs but that the plaintiff had not contacted the District to actually collect the funds. The Court ruled that the plaintiff was not furnished "Notice" of the \$1.00 penalty or of his responsibility to pay his bill in a timely manner even if he didn't receive a statement. The Court was unaware of the "Notice" printed on the back of the water bills in odd numbered months because the Superintendent had not presented evidence to this effect. The only evidence presented was the statement on the front of the bill about the \$1.00 penalty. On advice of Council, the decision was not appealed because this evidence of "Notice" was not presented at trial and therefore the adverse decision did not jeopardize the District's late penalty charge.

The Superintendent also advised the Directors that the SDA of Colorado is sponsoring a regional meeting at the Ramada Inn on Thursday, February 18, 1988, at 7:00 p.m., in order to discuss the insurance pool. The Superintendent said that Sam Suplizio would be representing the independent insurers in discussions with the pros and cons of the SDA insurance pool.

Director Ela asked if there was any old business. Hearing none he asked for new business. The Superintendent wanted a clarification of reimbursement for Directors attending meetings. He wanted a clarification of whether it meant Directors' meetings or any meetings which were necessary to conduct the business of the District. There was considerable discussion on this matter. After this discussion, Director Garber stated that it is worth something to those who take their own time to attend meetings affecting the water district business and moved that effective January 1, 1988, a \$40 per meeting reimbursement be given all Directors who attend meetings which directly affect the Water District provided that the total reimbursement does not exceed the statutory limit. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent advised the Directors that storage space was becoming a premium as the District had accumulated 30 years of records and suggested that the District consider putting these records on microfilm to alleviate the storage problem. During the discussion, Director Garber stated that microfilm may be salvaged from the ruins of a fire whereas our records may not and moved that the District microfilm those records the Superintendent and Office Manager feel should be preserved. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent advised the Directors that Mesa View Park was sold two taps to serve a 98 unit trailer park but that now the trailer park is being changed into a 98 lot Planned Unit Development and that he had requested 96 tap sharing fees from the owner as each individual lot sold, in addition to a \$5,600 fire line tap which may only provide minimum water flow requirements. The Superintendent went on to say that he was not a fireman and that he really had no practical experience in determining the amount of water required for fires. Director Barrick said that for trailer parks, a 350 gallons per minute water flow is adequate as these fires are normally of short duration and what could not be saved at 350 gallons per minute probably could not be saved at any quantity of water. The Superintendent went on to say that if the District should construct the proposed fire line in the subdivision, the District could loop the 27" line on E Road with the 3" line on E 1/2 Road and thereby improve the District's system considerably. After some discussion the Superintendent

was instructed to use the potential improvement for the District as a basis for negotiating easements, fire flows and subunit fees with the owner. The Superintendent was also instructed to check to make sure there is adequate easements for the construction of this looped system.

The Superintendent then presented the Directors with a report on the 1987 activities which more or less described in detail the progress being made on the five-year plan as well as the construction of other improvements within the District. The Superintendent's report also showed a breakdown of the source of all the raw water as well as the percentage of water which was sold to residential taps, the City of Grand Junction and others. The Superintendent went on to state that many water systems can only account for 50% or 60% of their water whereas Clifton can account for all but 9.88% of their water. The Superintendent said he would submit a more detailed cost report once the audit was completed.

The District had solicited bids from automobile dealers for a small pickup truck and had received three bids. These bids were:

Jim Fuoco Motor	\$8,487.00
Steve Westphal Chevrolet, Inc.	\$9,498.00
Western Slope Ford	\$9,805.20

The Superintendent also advised the Directors they could purchase the same pickup through Craig Chevrolet of Wheat Ridge based on the State vehicle bids at a price of \$8,253.09 (f.o.b. Wheat Ridge). After the bids were opened a healthy discussion erupted between Director Garber, the Superintendent, the Chief Operator and other Directors. Director Garber's main contention was that the District did not necessarily need to purchase a new pickup and contended that if this money were put into an interest bearing account, repairs to the vehicle could be paid for from the proceeds, and the District would be much better off financially. After a 25-minute discussion, Director Garber moved to reject all bids. The motion died for lack of a second. After some delay, Director Barrick moved to accept the bid from Jim Fuoco in the amount of \$8,487, stating it was worth the additional \$233.91 to purchase the vehicle locally. There was some more delay before Director Ballagh seconded the motion. Director Ballagh stated that he was not convinced of the argument for the need of a new pickup but thought the discontent generated by the failure to purchase a new pickup may result in undue hardship on the old pickup. Chief Operator Blount stated that if the Directors really felt that way he did not want a new pickup because that is not the way they take care of District equipment. Director Ballagh was quick to say that he did not think the District employees would mistreat District equipment directly but may, in a subtle way, do so subconsciously. The motion passed on two affirmative votes from Directors Barrick and Ballagh and one negative vote from Director Garber.

There being no further business the meeting adjourned. The next scheduled meeting is February 17, 1988.

John L. Ballagh
Secretary

ATTEST:

Sarah V. Smith

Martin Garber

Paul E. Barick

Wm. M. De

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held February 17, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount.

The meeting was called to order at 7:30 p.m. by Chairman Smith.

Director Ballagh moved to accept the minutes of the January 20, 1988 meeting as presented. The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved to accept the Financial Report and pay the Accounts Payable in the amount of \$19,341.73, plus five additional payments, totaling \$1,153.46, not shown on the report: refund to Howard Oldham, \$17.50; refund to Abstract & Title, \$24.00; electric bill from Public Service Company of Colorado, \$366.68; electric bill from Grand Valley Rural Power Lines, \$395.28; Service Agreement on the MacIntosh Computer to Computerland, \$350.00; plus a \$30,000 transfer of funds from Palisades National Bank to Mesa Federal. The motion was seconded by Director Ela. After the motion and second there was a 30-minute discussion in which the advisability of paying on a service agreement on the MacIntosh, the sale of a boring machine, and almost all other Accounts Payable were discussed. The motion passed unanimously.

The Superintendent stated there was virtually no change in the status of the use of Grand Valley Irrigation shares from irrigation to irrigation and domestic. He stated that the City of Grand Junction had hired an outside consultant to prepare a report which would be on the same order as the report prepared in June of 1987 by the Water District in substantiating the claim for the change of use. Superintendent Schuster was given some interrogatories from Attorney Bailey in which she requested a response in preparation for the court date set for June 15, 1988.

Superintendent Schuster went on to say that the special meeting with the owners of the Whitewater Ditch #2 may have been in vain as the results of a water sample taken of the Kannah Creek water showed that the water was not suitable for human consumption. The Superintendent reported that the City is doing a study on their future water requirements as it relates to their present water supply prior to making a commitment to Clifton to provide raw water for Plant #2. Along those same lines, Director Ballagh stated that the Department of Energy was looking for water for dust suppression at the Cheney Reservoir tailings dump site. The only water available is from the City's flowline or out of the Gunnison River. The Superintendent was instructed to ask the City to obtain this water from the Gunnison River rather than the Kannah Creek watershed in order that there would be more water available for domestic use. Director Ela stated that the water required for dust suppression at the tailings dump site would be minimal and probably would not affect the municipal supply.

Superintendent Schuster stated that Attorney Bechtel had said the IRS allowance for mileage was \$0.205 per mile and that the additional \$0.135 per mile allowed by the Directors in the January meeting may be considered as compensation and be a part of the \$950 annual compensation limit to Directors. The other Directors said that they would maintain the mileage at \$0.34 per mile as they doubted that in a year's time this would become a significant amount.

The Superintendent reported to the Directors that the majority of the special districts in Colorado would support legislation for withdrawal of water districts from water conservancy districts as was discussed in the December meeting. Director Garber stated that he thought Clifton should start working

on legislation to allow water districts to withdraw from water conservancy districts under the terms as discussed at the December meeting and thought we should start to get support from other water districts on this matter. Director Ela stated that since enactment of legislation requires considerable lead time the letter for Director Smith's signature should be sent to the legislators, reworded slightly, requesting this item to be put on the legislators' agenda for this session should there be a subject in the Governor's call which would allow it. Director Smith indicated that she wanted to see the letter and approve its contents before she affixed her signature. A list of the Directors of the Ute Water Conservancy District along with the date of the expiration of their term was printed on the back of the meeting agenda. There was some discussion about the possibility of preparing a petition requesting an election for filling the offices of those Directors whose terms expire in 1989.

Superintendent Schuster told the Directors that the SDA insurance pool discussion was scheduled for the Ramada Inn at 7:00 p.m. on Thursday, February 18th. Since the SDA had set March 10, 1988 as the deadline to receive resolutions from special districts to be included in the insurance pool, the March meeting was moved up to March 9th in order that the Directors could discuss the ramifications of what they learn at the insurance pool discussion and act accordingly. Superintendent Schuster was to have a copy of all the insurance costs to give to the Directors at the insurance pool discussion in order that the Directors would have a ballpark idea as to what their present insurance costs are.

Superintendent Schuster said he would recommend the Directors allow an out-of-district tap to be sold to Gary Rinderle for water consumption approximately one mile south of Whitewater under the following conditions: that Gary Rinderle construct a 2" water line from the District boundary to his property in accordance with the District's construction specifications; that a meter be placed at the District boundary in the highway right-of-way and that Rinderle be responsible for all construction from the meter to his place of use; that Rinderle be advised that the District would not be responsible for providing water with adequate pressure; that Rinderle obtain all construction permits required by the Highway Department and construct the line in accordance with the Highway's requirements as well as the District's; and that the District could only guarantee potable water to meet the requirements of the Safe Drinking Water Act at the meter. In addition, should other water users want on the line, the District would allow other taps after they had made their peace with Rinderle. The District would move the meters closer to the respective property lines. Additional users on a 2" line would guarantee adequate turnover of water in the line. Director Garber moved to have the Superintendent draw up the requirements in a contract with Rinderle and allow an out-of-district tap with the above provisions. The motion was seconded by Director Ela and passed unanimously.

The Directors agreed that Superintendent Schuster would coordinate all election activities with Paul Barrick and that the Water District, Clifton Sanitation District and Clifton Fire District would share, as much as possible, the costs of the May 3, 1988 election. The Directors also stated that paper ballots would be used rather than voting machines.

The Directors went over the first draft of the 1987 audit. Director Ballagh had a question concerning Note B, the Restricted Cash Requirement, and thought

the audit should be more specific in explaining how the restricted cash was spent. Upon further review, Director Ballagh agreed that if this explanation was contained in Note E he would be satisfied.

Superintendent Schuster and Chief Operator Blount took about 20 minutes explaining the effect the Safe Drinking Water Act Amendments of 1986 would have on the District. The Superintendent stated that the Safe Drinking Water Act Amendments of 1986 did not appear in the Federal Register until November of 1987 and that additional costs to conform were not included in the 1988 budget but there were ample funds available to meet the requirements. Director Ela wanted to know the amount of funds the District is looking at in order to comply with the amendment. The Superintendent and Chief Operator could not give Director Ela an exact answer but indicated it would not be a hardship on the District.

Director Garber brought up a hardship case in Whitewater which will require the payment of a subunit fee to the District and thought perhaps the District should allow variances in hardship cases. At this point, Director Ballagh disqualified himself from the discussion and requested that the record so reflect his disqualification. There was considerable discussion on the subunit fee, but the Directors did not yield to Director Garber's request for a variance. However, Director Barrick stated that he had some qualms about our Tap-Sharing Fee Policy and thought possibly the District may want to change parts of it. Director Ballagh re-entered the discussion when a specific case turned into a general discussion and stated that he thought the District should re-examine the Tap-Sharing Fee Policy in order not to preclude the location of a hotel/motel in the Clifton area due to high tap fees. He went on to state that possibly this re-examination could be undertaken now while the District is not under pressure to make a decision. Director Smith concurred with Director Ballagh and stated that now is the time to correct any inequities in the Tap-Sharing Fee Policy and possibly allow a grace period for hardship cases verified by the County in order not to create additional hardships. The Superintendent was instructed to collect data in order that the Directors may address this subject at some future meeting.

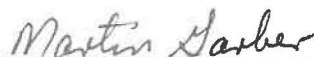
Director Barrick indicated that he had been the recipient of the wrath of a landlord whose renter had run off and left a large bill and suggested that possibly the District should look into "third party notification" so that landlords would be aware of potential problems. The Directors discussed third party notification at some length and left it with the general consensus that the staff would look into the possibility of putting this third party notification on the computer and determine the additional cost in order that this cost may be passed on to the landlord if the Directors should choose to do so.

Director Ela moved to adjourn the meeting at 10:59 p.m. There being no further discussion the meeting was adjourned.


Secretary

ATTEST:

 Sarah V. Smith, Pres.  Paul B. Benick Treas.


Martin Garber

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held March 9, 1988

Present were President Smith, Secretary Ballagh, Treasurer Barrick and Director Garber. The staff present consisted of Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Also in attendance were Mike Nelson and Janeen Kamerer from Chadwick, Steinkirchner, Davis and Company, Certified Public Accountants.

Director Smith called the meeting to order at 7:30 p.m. and immediately turned the meeting over to the auditors for their presentation. During the 20-minute presentation, the Directors and staff of the Clifton Water District were lauded for the wise management of public funds and the continuing growth in retained earnings.

After the accountants left, Director Ballagh moved to accept the minutes of the February 17, 1988 meeting as presented. The motion was seconded by Director Barrick and passed unanimously.

Director Ballagh moved to accept the Financial Report and pay the Accounts Payable in the amount of \$28,096.97 plus a \$25,000 transfer of funds from Palisades National Bank to Mesa Federal. The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved to accept the audit as presented by the accounting firm and to submit copies to the various state agencies as required by statute. The motion was seconded by Director Ballagh and passed unanimously.

Superintendent Schuster informed the Directors that the City of Grand Junction had completed the addendum to Clifton's June 1987 report substantiating the claim for the change of use of Grand Valley Irrigation Company shares and that all interrogatories had been answered and that tentative dates for deposition had been set. He also informed the Directors that it appeared that those opposers not willing to spend money to dispute Clifton's report would probably drop their objection and that other objectors, such as the Denver Water Department, Union Oil Company and Cities Services Corp, are preparing stipulations in order that they may withdraw their opposition.

Office Manager Kay told the Directors that it would cost approximately \$1,000 to program the computer to add third party notification to our billing system. This declaration prompted a discussion between the Directors which lasted approximately 15 minutes. Office Manager Kay said it would cost approximately \$2.00 per month to do the third party notification manually, or \$25.00 per year. Director Garber stated that since turn offs are only quarterly, this charge could be reduced to only \$10.00 per year since every landlord would not be involved every month. Director Ballagh said he was inclined to see an accounting of what it would cost to provide third party notification manually, to which Director Garber responded by saying the landowners should shoulder some responsibility and moved to provide third party notification for \$10.00 per year. Director Ballagh seconded the motion and it passed unanimously.

Grand Junction Council members Bill McCurry and Paul Nelson and staff members Jim Shanks and Greg Trainor entered the meeting at approximately 8:30 p.m. Superintendent Schuster and Greg Trainor explained that the North Fork project is essential for the City to use all of its present water rights and to supply additional water for Clifton, should the two entities enter into an agreement to build a flowline from the valley to Grand Mesa. There followed a 30-minute discussion wherein the City requested Clifton to joint venture a request for energy impact funds to build the North Fork pipeline to Juniata Reservoir at an estimated cost of approximately \$400,000. The City indicated that they thought they could get \$200,000 of these total funds from energy impact funds and also thought they would have a better chance of receiving these funds if

it was a multientity venture. The North Fork pipeline is designed to carry 29 cfs. Engineers have estimated that there is 874 million gallons of firm yield in the North Fork and that this water is being lost due to previous court actions and the deteriorating condition of the Reeder Reservoir. After a 30-minute discussion, Director Ballagh moved to accept the concept of a joint venture with the details to be worked out later. The motion was seconded by Director Barrick and passed without opposition.

After the North Fork pipeline discussion, the entourage from the City stayed on an additional 20 minutes to talk about the agendas of the ad hoc committee meetings.

There was a discussion of the pros and cons of the District's Tap Sharing Fee policy. Mr. Enever's position as presented in a letter from his attorney, Mr. Sharp, to our attorney was considered. This discussion continued for one hour. The main topic of discussion was the Superintendent's memorandum dated February 26, 1988, wherein he suggested an additional monthly fee as an alternative to the tap-sharing fee. During the discussion, Director Garber stated the District should take a hard look at their tap fees for larger meters with the understanding that these fees could be raised. At the suggestion of Director Ballagh, the Directors instructed the Superintendent to put the contents of his February 26, 1988 memorandum in the form of a policy and let Attorney Bechtel review the policy for consideration at the April 20, 1988 meeting.

Director Smith said that her letter to Senator Bishop and Representatives Carpenter and Armstrong did not create the adverse waves that she had expected, but instead had received favorable remarks from our Representatives.

Superintendent Schuster stated that the Water District had assisted Senator Bishop with a problem with Fay Martin. The Superintendent went on to say that the District had collected \$20.00 from Ms. Martin for testing her meter at her request.

The pros and cons of the following Resolution were discussed for approximately 25 minutes.

WHEREAS, the Board of Directors of the Clifton Water District (hereafter referred to as "the District") has authority under Article XIV, Section 18(2) (a) of the Colorado Constitution, and Sections 24-10-115.5, 29-13-102, and 29-1-201, et seq., Colorado Revised Statutes, as amended, to form and participate in a self-insurance pool for property and liability coverages;

WHEREAS, the Board of Directors has reviewed a contract to cooperate with other Colorado special districts to form a self-insurance pool for property and liability coverages entitled "Intergovernmental Agreement for the Colorado Special Districts Property and Liability Pool", a copy of which is attached hereto as Exhibit A and incorporated into this Resolution; and,

WHEREAS, the Board of Directors finds that participation in such a pool would be in the best interest of the District, its employees, and its taxpayers;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the District hereby:

1. Approves the contract entitled Intergovernmental Agreement for the Colorado Special Districts Property and Liability Pool, a copy of which is attached hereto as Exhibit A and incorporated into this Resolution by this reference.
2. Authorizes and directs the Chairman of the Board of Directors and President of the District to execute Exhibit A on behalf of the District.
3. Directs the Secretary of the Board of Directors to transmit to the Colorado Special Districts Property and Liability Pool (hereafter referred to

as "Pool"), c/o William Stankevitz, Vice President, Rollins Burdick Hunter Management Company of Colorado, Inc., Regency Plaza I, Suite 1100, 4643 South Ulster Street, Denver, Colorado 80237, an executed and attested copy of this Resolution and Exhibit A.

4. Designates Martin Garber as the District's initial Representative to the Pool and designates Sarah V. Smith as the District's initial Alternate Representative.

5. Directs that, if the Special District Association of Colorado Board of Directors does not determine, on or before March 18, 1988, that there has been deposited with or committed to the Colorado Special Districts Property and Liability Pool the amount of money sufficient to satisfy the required minimum start-up level, as provided in Article 17 of Exhibit A, then this Resolution shall be automatically repealed without further action by the Board of Directors on March 19, 1988, this approval of Exhibit A shall thereupon be automatically withdrawn, and the execution of Exhibit A shall thereupon be rendered void.

6. Understands that, with the adoption of this Resolution, the District becomes a member of the Pool, with coverage to be provided by or through the Pool on such date as determined by the District and Pool. The District hereby requests, unless other dates are later designated by the District, that coverage should begin on the following dates for the following types of coverage:

<u>Date</u>	<u>Coverage</u>
May 20, 1988	Property
May 20, 1988	General Liability
May 20, 1988	Automobile
May 20, 1988	Public Officials Liability

Director Barrick moved the adoption of the above Resolution. Director Garber seconded the adoption of the above Resolution. The Resolution was adopted by a majority vote of the Board of Directors.

Following the adoption of the Resolution, the Office Manager was instructed to put the computer hardware in the building contents insurance and to obtain quotes on business interruption insurance for the software and for the District to continue to keep the software back-up off premises to avoid the possibility of being destroyed.

The Superintendent then told the Directors it looked like the Clifton Water District was in a "win, win situation" even though the Bureau of Reclamation had substantially moved the District's 40-year-old water decrees from the 1940's back to October 17, 1977 by the way they are operating the Green Mountain Reservoir but that additional water would have to be released to provide habitat for endangered species in the reach of the river below the Orchard Mesa Power Plant and the confluence with the Gunnison River.

Director Garber asked that the Superintendent follow up on the pictures for the Directors' gallery that was proposed approximately a year ago.

Director Garber also suggested that there would be a multiple use of the proposed flowline between the Purdy Mesa flow line and Whitewater Hill to Plant #2. This multiple use would not only bring raw water to Plant #2 but could provide treated water, or raw water back to the City's flowline.

Director Ballagh suggested that the District encourage our National Senators and Congressmen to support the nuclear desalting of water as proposed by the San Diego Water Authority, the Metropolitan Water District of Southern California and the Department of Energy and Gas Coal Reactor Associates. This proposed desalting could take considerable pressure off the upper Colorado River Basin states.

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March 9, 1988
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Director Garber read the minutes of the Kannah Creek Extension #2 meeting of February where it was moved, seconded and carried to reject the Clifton proposal to put the Kannah Creek Extension Ditch #2 in a pipeline in payment for a portion of the water to be moved upstream and changed into domestic use.

The Superintendent advised the Directors that the Partners' Restitution Program had recognized the Clifton Water District for providing community support. The Superintendent went on to say that Carey had an excellent rapport with the Partners group and because of this rapport had gained the services of an ambitious young man who has been working 20 hours a week at Plant #2.

There being no other business, the meeting adjourned at 11:18 p.m.

John L. Ballagh
Secretary

ATTEST:

Wm. M. Elv

Paul E. Barick Treas

Sarah V. Smith Pres.

Martin Garber

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held April 20, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. The meeting was called to order at 7:30 p.m. by President Smith.

Director Ballagh moved to accept the minutes of the March 9th meeting as presented. The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved to accept the Financial Report and pay the Accounts Payable in the amount of \$62,522.33 plus a \$25,000 transfer of funds to Mesa Federal. The motion was seconded by Director Ballagh. After a 20 minute discussion, where the staff satisfactorily answered the questions of the Directors concerning some accounts and amounts of the Accounts Payable, the motion passed without opposition.

The District had advertised for bids to sell the 1981 Ford 1/2 ton pickup. Four bids were received. These bids were:

Marion C. Burkhardt	2405 Hill Avenue	\$1,450.00
Globe Heating & Air Conditioning, Inc.	3190 Mesa Avenue	\$1,215.00
John Middleton	2858 North Avenue	\$1,127.77
Darold D. Nollen	3146 Hallmark Place	\$1,007.95

After the opening of the bids, Director Barrick moved to accept the bid of Marion Burkhardt in the amount of \$1,450 with the understanding that if Burkhardt refused to purchase the vehicle that it be offered to Globe Heating and Air Conditioning for \$1,215. The motion was seconded by Director Ela and passed unanimously.

Superintendent Schuster informed the Directors that an out-of-court settlement for the change of use for the Grand Valley Irrigation shares looked less favorable now than it did in March. The Superintendent feels that this case will go full term and will be heard in water court in June. The Superintendent showed the Directors a graph of the water flows used by the Clifton Water District as compared to water flows used for irrigation purposes and flows requested by some of the opposition. No action was taken on the Superintendent's report.

There followed a 70 minute discussion on the proposal of a monthly fee as an alternate to a subunit or tap-sharing fee. The discussion was brought to a conclusion when Director Ela moved to table the matter until the May 18th meeting when Attorney Bechtel could be present to hear the Directors' concerns of the proposed draft of the fee policy authored by her. The motion was seconded by Director Ballagh with the understanding that the Superintendent complete a study of how increased water rates would affect multiple units such as Candlewood Park, Mesa View and the Clifton Inn and had an understanding with the State Auditor of how credits would affect our contributed capital as it appears in our Financial Statement. The motion passed unanimously.

Directors Smith, Ela and Ballagh gave a report on the results of the ad hoc committee meeting held on April 13, 1988. A 40-minute discussion followed where it was reiterated several times that in order to make a merger of the three systems work, Ute Water District would have to subordinate their raw water and treatment facilities to a water authority with elected officials. The Superintendent told the Directors that this was the stand the City Manager had taken and thought it was something which should be pursued with Ute. The discussion was concluded when the Superintendent was instructed to get costs on water treatment from other water purveyors that serve approximately five billion gallons of water per year. The numbers as put together by CSD & Company did not seem to ring true and the Directors wanted other comparisons.

Office Manager Kay informed the Directors that business interruption insurance would cost approximately an additional \$1,600 per year and she did not feel that the value was there. After a short discussion the Directors indicated they were not interested in business interruption insurance and thought the District could get along very well without it.

The Superintendent informed the Directors that 55% of Grand Mesa Irrigation stock was for sale at a cost of \$1,137,000 of which the owners would accept \$284,250 down and the balance in 10 annual payments of \$127,084.91. The Superintendent suggested that the Directors only offer \$1,000 for the 870 Ac-Ft of developed water for the 55% of the Grand Mesa Irrigation stock. After considerable discussion, Director Ballagh moved to offer the owners \$875,000 for the 55% of Grand Mesa Irrigation stock with 25% immediate cash and the balance in 10 equal annual payments at 7% interest (\$93,435.23) and for the owners to receive 100% of use of the water at no cost in water year 1988 and 50% of the water at no additional cost in 1989 with the possibility of no water being available in water year 1990. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent informed the Directors that it appeared that the three entities (Clifton Water District, Clifton Fire Protection District and Clifton Sanitation District) would not have a contest for the scheduled May 3, 1988, election and presented a resolution which had been approved by Attorney Bechtel canceling said election provided that there are not more candidates for Directors than there are offices to be filled. After some discussion, Director Ela moved for the adoption of the following resolution:

WHEREAS, the Secretary of the Clifton Water District may duly certify to the Board of Directors of the Clifton Water District that at the close of business on the Friday, April 29, 1988, before the election on Tuesday, May 3, 1988, there are no more candidates for Director than there are offices to be filled, including candidates affidavits of intent to be write-in candidates, AND WHEREAS, the Board is authorized pursuant to CRS 32-1-807(4) to cancel the election AND WHEREAS, the Board has expressed their desire to save unnecessary money when there is no contest for Director vacancies, the Board now HEREBY cancels the election day, Tuesday May 3, 1988, provided there are no more candidates for Director than there are offices to be filled, including candidate affidavits of intent to be write-in candidates at the close of business on Friday, April 29, 1988.

In the event that by at the close of business on Friday, April 29, 1988, there are no more candidates for Director than there are offices to be filled, including candidate affidavits of intent to be write-in candidates, THE BOARD DECLARES THE FOLLOWING CANDIDATES DEEMED ELECTED FOR THE FOLLOWING TERMS OF OFFICE:

Paul E. Barrick	451 1/2 Mesa Lakes Street,	FOUR-Year Term
Sarah V. Smith	3000 D 1/2 Road,	FOUR-Year Term

BE IT FURTHER RESOLVED that the Secretary post notice of the election cancelation at the polling place and in one other public place and to have notice of said cancelation published, if possible.

BE IT FURTHER RESOLVED that if there is/are more candidates for Director than there are offices to be filled, including candidate affidavits of intent to be write-in candidates, on, or before, the close of business on Friday, April 29, 1988, this Resolution shall be automatically repealed without further action by the Board.

The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved to pay the election judges \$35.00 each in the event that there is an election or \$10.00 each in the event the election is canceled. The motion was seconded by Director Ballagh and passed unanimously.

The Superintendent had prepared a draft of letters to Governor Roy Romer and to the Army Corps of Engineers expressing opposition to the Denver Water Department's Two Forks project. The verbiage and structure of these letters were discussed at great length with each word and sentence being carefully studied to make sure that the message was very clear and contained no ambiguity. The English course took approximately 60 minutes. The result of the discussion was a well-articulated letter which expressed the opinions of all five Directors on one standard size page.

Director Barrick requested that the Superintendent check into the use of that portion of Gunderson Island which is still being occupied by the Nichols family under an agreement which had been written approximately 10 years ago. Director Barrick was especially interested in illegal dumping, occasional illegal burning and the cleanup required when the District assumes possession of that portion of the island. The Superintendent said he would look into it.

Director Ela requested that the Directors consider letting the River Front Commission bring supervised teenagers on the island to plant willows on the Colorado River banks. The Directors said that they saw no objection to this activity as long as it was coordinated with the Chief Operator.

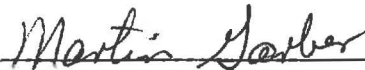
President Smith adjourned the meeting at 11:25 p.m.


Secretary

ATTEST:









MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held May 18, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. The meeting was called to order at 7:30 p.m. by President Smith.

Director Barrick moved to accept the minutes of the April 20th meeting as presented. The motion was seconded by Director Ballagh and passed unanimously.

Director Ballagh moved to accept the Financial Report and pay the Accounts Payable in the amount of \$45,852.93, plus a \$30,000 transfer of funds to Mesa Federal. The motion was seconded by Director Garber and passed unanimously.

Secretary Ballagh certified that there were no more candidates for office at the close of the business day on April 29, 1988, and, therefore, the terms of the Resolution adopted at the April 20, 1988, meeting concerning the cancellation of the May 3rd election were valid. Director Ela moved to declare Directors Barrick and Smith elected for a 4-year term. The motion was seconded by Director Ballagh and passed unanimously.

Director Ela administered the oath of office to Directors Barrick and Smith and then moved to nominate and elect Sarah V. Smith as President, William M. Ela as Vice President, John L. Ballagh as Secretary, and Paul E. Barrick as Treasurer for the ensuing term as provided by law. The motion was seconded by Director Garber and passed unanimously.

The Superintendent advised the Directors that most of the objectors to the change of use of the Grand Valley Irrigation Company shares had tentatively accepted a stipulation resolving the differences in the proposed change. Superintendent Schuster went on to say that the stipulation would allow Clifton to divert for domestic consumption that amount of water which has historically been consumed by irrigation. Director Ela inquired as to what discrepancy in Clifton's report had been found by discovery. The Superintendent reported that there were no real discrepancies submitted in any other engineering report. At this Director Ela said that if there is no additional adverse information obtained in discovery then Clifton may be better off to go to trial, but went on to say that if the District were looking at a source of water besides the river, then it would be best to get out of the suit at the least cost possible by agreeing to the stipulation. The Superintendent went on to say that there is a dichotomy in the objectors' requests in the stipulation in that most of the industrial users want the call on the river reduced by that amount of water not being used by Clifton whereas the County of Pitkin and City of Aspen attorneys want the call to remain the same but the diversions at the Grand Valley Irrigation headgate reduced in order to maintain minimum flows for fish in the reach of the river between the Grand Valley Irrigation Canal and the confluence with the Gunnison River. The discussion lasted approximately 45 minutes with the Directors stating the final stipulation be approved by the Directors either at a meeting or by telephone consensus.

Superintendent Schuster had prepared some bar graphs for the May 11th ad hoc committee meeting and presented these graphs to the Directors. The bar graph showed that the 1985 water demands of the City and Ute were within just a few percentage points of the water supplying capacity of these entities. The same bar graph showed that Clifton's maximum day water demand was less than 50% of Clifton's water treatment capacity. The bar graphs also showed that if the

City and Ute grow at an anticipated rate that by the year 1990 the maximum day water demands of the City and Ute would far exceed their present capacity to supply water whereas Clifton's maximum day water demand would be at only 58% of capacity. Based on the data presented, Director Barrick moved to amend the existing unpopular Tap and Tap-Sharing Fee Policy adopted May 15, 1985, to show that the tap-sharing fee payment as described in Paragraphs 3.1.1 and 4.2 and all subsequent paragraphs which refer to a tap-sharing fee be repealed, effective immediately, in order to encourage utilization of the excess water supply capacity of the Clifton Water District. The motion was seconded by Director Ballagh and passed unanimously.

Superintendent Schuster gave a report on the poll of various water suppliers on the Eastern Slope stating that those suppliers that supplied five billion, or in excess of five billion, gallons of water per year had a production cost of between \$0.20 and \$0.24 per thousand gallons with the exception of the City of Thornton which has a production cost of \$0.35 per thousand gallons on seven billion gallons of water per year. Superintendent Schuster went on to say that Thornton's additional costs were due to chemicals and electrical power charges, much like the additional costs experienced by Clifton. Director Ela gave a report on the ad hoc committee meeting of May 11th, stating that the merger is being seen by the committee as inevitable and pointed out that the political problem of the make-up of the Board and the eventual water supplier had not been resolved. There followed a 30-minute discussion in which the bar graphs presented by Superintendent Schuster were discussed in detail.

Superintendent Schuster stated that the Whittings had rejected the District's offer to purchase 1,137 shares of Grand Mesa Reservoir Company stock at a price of \$875,000 but countered with a request for \$1,000 per acre-foot on the 870 acre-feet of developed storage and \$500 per acre-foot on the additional decreed, but not developed, storage of 267 acre-feet for a total purchase price of \$1,003,500. Director Ela moved to defer rejection of the counterproposal until the June meeting. Director Ballagh seconded the motion and it passed unanimously.

The Superintendent asked the Directors to consider membership in the AWWA Research Foundation at a cost of \$0.90 per million gallons (approximately \$800 per year). After some discussion Director Ela moved to approve subscription to the AWWA Research Foundation on a 1-year trial basis. The motion was seconded by Director Garber and passed unanimously.

Superintendent also asked the Directors to consider membership in the Utility Notification Center of Colorado (UNCC) at a cost of \$25 per year plus \$4 per incoming call for Clifton to locate their own lines. Director Ballagh moved to accept the Superintendent's recommendation and join UNCC. The motion was seconded by Director Barrick and passed unanimously.

Superintendent Schuster told the Directors that Pond's store and land (approximately 0.8 acres with a 12,000 square foot building) was being offered to the District for \$125,000. Since the Directors could find no immediate or future use for the property and building there was no action taken.

The Superintendent reviewed the three insurance premium quotations for the 1988-89 year showing that T. Charles Wilson, the present insurer, had quoted \$21,011, Home Loan and Investment Company had quoted \$19,200 and the same coverage could be obtained through the SDA pool and others for a price of \$15,676. The consensus of the Directors was to reaffirm the resolution entering the SDA insurance pool of March 9, 1988.

The consideration to set policy on the purchase of vehicles was tabled.

The Superintendent asked the Directors to consider changing the date of the June 15th meeting to June 8th due to the scheduling of the water court on June 15th. Director Barrick moved to reschedule the June meeting to June 8th due to various conflicts of the Superintendent's time and the Chairman's time. The motion was seconded by Director Ballagh and passed unanimously.




The last item on the agenda was the consideration of the Superintendent's request for the Employee Wage and Benefit Package as presented to the Directors in a memorandum dated April 29th. Director Barrick stated that he was in favor of giving the Superintendent a certain amount of funds to distribute to the employees as he sees fit. This distribution would exclude the Superintendent. Director Barrick went on to say that raises, or lack thereof, should be used as a management tool and just the total amount be controlled by the Directors. Director Smith disagreed with Director Barrick's proposal, stating that the way the Wage and Benefit Package is considered now it is being used as a management tool but that the Directors have the final word in who receives what. There followed a rather lengthy discussion, during which Director Ballagh stated that the hour was too late for the Directors to really finalize such an important subject, or in words to that effect. Director Garber moved to table the consideration of the Employees' Wage and Benefit Package until the June meeting. The motion was seconded by Director Ballagh and passed unanimously.

Director Smith mentioned that the new rules and regulations presented by OSHA for hazards in the work place were to be finalized by May 23, 1988, and these requirements included material data sheets from suppliers as to how to dispose of material that has been spilled or exposed to employees under conditions other than ordinary. It was suggested the Superintendent obtain more information in order that the District will be in compliance.

The meeting adjourned at 11:55 p.m.


Secretary

ATTEST:

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held June 8, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh and Treasurer Barrick. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. The meeting was called to order at 7:30 p.m. by President Smith.

Director Ballagh moved to accept the minutes of the May 18, 1988 meeting, with one minor correction. Director Ballagh wanted the last sentence on page 2 changed to read: "The consideration of said policy on the purchase of vehicles was deferred to the June meeting." The motion was seconded by Director Barrick and passed unanimously.

During a routine maintenance check of the swamp coolers on the roof, the Superintendent noticed the deteriorating condition of the roof of the office building and had requested bids from all of the roof contractors in the Grand Junction area listed in the Yellow Pages. The District had received five bids. These five bids were:

TnT Roofing	\$1,175 with purchase of permit \$1,125 if permit not required
TnT quoted 235 pound fiberglass shingles and gave a 3-year workman's warranty and a 20-year material warranty in his bid.	
Miracle Roofing and Insulation, Inc.	\$1,195
Miracle Roofing and Insulation, Inc. quoted 220 pound self-sealing fiberglass shingles with a 2-year service guarantee and a 20-year material guarantee in his bid.	
Mesa Roofing	\$1,169
Using Owens Corning classic plus 20-year manufacturer guaranteed shingles and the standard 1-year workmanship guarantee.	
K & K Roofing Company	\$1,265
Using Owens Corning fiberglass shingles with a 20-year manufacturer's guarantee and a 2-year craftsmanship guarantee.	
Sherm's Roofing Company	\$1,250.50
Using Owens Corning fiberglass three tab self-sealing classic plus shingles with a 20-year warranty and a 1-year standard warranty on his workmanship.	

After all the bids were considered, Director Ballagh stated that based on the shingle weight, the deduct for no permit requirement and a 3-year (1 year extra) warranty on workmanship, that the bid be awarded to TnT Roofing and so moved. The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved to approve the Financial Report and the Accounts Payable in the amount of \$41,856.22 plus these additional payments: Frank Jaquette, \$21.80; Postmaster, \$17.00; and a transfer of funds of \$72,000 from Palisades National Bank to Mesa Federal Savings. The motion was seconded by Director Ballagh and precipitated a 20-minute discussion. During the discussion on the Accounts Payable the Superintendent was asked to check into the service contract the District has with Digital Equipment Corporation of approximately \$6,000 per year to provide maintenance on the District's computer. Director Barrick stated that it may be less expensive to pay for the technical assistance as required rather than to maintain a service contract. Other accounts payable, including the \$2,056 bill from Chadwick, Steinkirchner, Davis and Company for work performed at the request of the ad hoc committee in which Clifton is responsible for 1/3 payment were discussed. After the discussion in which all the questions of the Directors were answered, the motion passed unanimously.

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Director Ela stated that he had received a call from Stan Huber (a/c # 00-000-685) complaining that the timing of his water bill did not coincide with his payday and that because of this he had been assessed at least two \$1.00 late charges and had requested his water bill to be mailed the last week of the month rather than the first week of the month. After some discussion that it would be impractical to mail water bills to coincide with paydays to all of our customers, Director Ela stated he would call Mr. Huber and advise him of the consensus of the Directors.

Director Barrick moved to approve the wording of the Tap Fee Policy and Water Usage Fee Policy, dated May 18, 1988, as prepared by the Superintendent and edited by the Attorney. The motion was seconded by Director Ballagh and after some discussion passed unanimously.

Director Ela moved to put on the agenda for the July meeting the restoration of the District's New Construction Policy in effect prior to March 5, 1986. The policy adopted on March 5, 1986, provided for allowing property owners to install water mains, taps, service lines, meter pit assemblies including the meter yoke, and fire hydrants for new services within the District under various conditions and allow a 50% credit toward the tap fee as reimbursement for this installation. The motion was seconded by Director Ballagh and passed unanimously.

The Superintendent informed the Directors that the court case scheduled for June 15, 1988, had been continued to a yet unspecified date as time was running out to obtain a consensus from the objectors on the wording of a stipulation which would avoid a court case. The Directors were very upset that the Superintendent would agree to a continuance as the delay would lead to additional attorney fees and loss of leverage the District had on the opponents. The Superintendent informed the Directors that it was the attorney's opinion the continuance would be beneficial to the District otherwise he would not have agreed to delay the court date. The Superintendent was instructed to advise the attorney of their displeasure and to poll the Directors prior to agreeing to any such arrangement in the future.

Director Ela gave a short report on the meeting between the Directors of the Grand Valley Irrigation Company, Clifton Water District and a staff member from the City of Grand Junction held on May 24th at the Grand Valley Irrigation Company office. He reported that the gist of the meeting was for Clifton and the City to pay the attorney fees incurred by the Grand Valley Irrigation Company in opposing the requested change of use of irrigation water. Director Ela went on to say that it was ludicrous for the Irrigation Company to expect payment for attorney fees when they could have joined in the action as a proponent rather than an opponent but went on to say he told the Grand Valley Irrigation Company that if the District could save substantial funds in attorney fees by stipulation then the District may be receptive to sharing some of the savings with the Irrigation Company as a partial payment for the attorney fees but did not obligate the District to any payment whatsoever.

The ad hoc committee report and discussion lasted one hour and fifteen minutes wherein it was reported that Palisade had accepted an invitation to become participants in the ad hoc committee with the understanding that they were under no obligation. Director Ela went on to say that the ad hoc committee had not progressed in the last few meetings but he expected some advancement in the near future since he had requested a discussion and conclusion to the political ramifications involved in setting up one entity as the provider of domestic water for the Valley. During the discussion Director Ballagh stated

that he wants Clifton to be prepared to discuss the District's position on the merger so that all the District's Directors and staff would be of one accord when questioned by others. He went on to state that he was adamant that selecting Directors for a water authority by area was totally unacceptable and that the Board should be made up by population, number of taps, customers, customer accounts or some other method and if the Board was made up of customers or taps that customers, customer accounts, or taps be defined so that the calculation of the number of Directors of all three entities are based on the same premise. Leslie said that the District should stand on equal representation on the Board if the Directors of Ute continue to be appointed rather than elected but that the District may subordinate their representation on the Board if all of the Directors were elected. The Superintendent was instructed to prepare a position paper based on the discussion for the Directors' approval.

The Superintendent had requested that the District adopt a vehicle purchase policy which stated in simplest form would be that the District would keep vehicles for 60 months or 60,000 miles, whichever came last and at such time replace the vehicle with a new vehicle. Director Ballagh stated that the policy should have a variance for troublesome vehicles, otherwise the District may end up with a white elephant which is undrivable. Director Ballagh moved for the District to adopt a policy of replacing vehicles when they are 60 months old or have 60,000 miles on them, whichever is last, with the understanding that the Board may create a variance to this policy for troublesome vehicles. The motion was seconded by Director Barrick and passed without opposition.

The purchase of 55% of the Grand Mesa Reservoir Company was discussed at some length. The Superintendent stated that the Whittings had not backed off their position of requesting a total payment of \$1,003,500 for their stock but suggested that the District counter with a lesser offer to get the Whittings' reaction. The discussion ranged from rejecting the offer in its entirety or to make a counterproposal. Director Ela moved to decline the last Whiting proposal and to defer making a counterproposal until a later time. The motion was seconded by Director Ballagh and passed unanimously. During the discussion, Director Smith indicated a possible conflict of interest by relationship of her daughter through marriage with the Whittings. Director Ela said that he did not see a conflict of interest as it was not a blood relationship or within third degree but appreciated Leslie's announcement.

The Superintendent had obtained a bid from G & G Paving for paving the entryway and parking lot of Plant #2. G & G Paving said they would do the entire project for \$17,500. Since no other paving contractor was contacted, Director Ballagh moved to pave the entryway and parking lot of Plant #2 as proposed by the Superintendent at a cost not to exceed \$17,500 with an instruction to the Superintendent that he contact other contractors in order that the District get the best price. Director Ballagh included in his motion the reasons for making the motion: the paving would improve the aesthetics of Plant #2, abate the dust problem, improve travel in inclement weather and the money was in the budget. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent informed the Directors that Mesa County Water Association had proposed a \$180,000 study of the salinity in the Colorado River and the affects the transmountain water diversions had on the salt in the river and

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requested that the District participate in a partial funding of the \$90,000 requested from the local match as the USCS was providing the other \$90,000. Director Ela moved to consider participation in the study after more information was received. The motion was seconded by Director Barrick and passed unanimously.

Before adjourning the meeting, the turbidity of the raw water, the conditions of Plant #1 and the operations of the District in general were discussed.

The meeting adjourned at 10:20 p.m.

John L. Ballagh
Secretary

ATTEST:

W. M. Ela, V.P. Paul E. Barrick
Larsh V. Smith, Pres. Merton Barber

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held July 20, 1988.

Present were Vice President Ela, Secretary Ballagh and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. In addition to the Directors and staff, Myrl Goodwin was also present. Director Ela called the meeting to order at 7:35 p.m. The slight delay in calling the meeting to order was the anticipation of the presence of another Director.

Director Ballagh moved to accept the minutes of the June 8, 1988 meeting as presented. The motion was seconded by Director Garber and passed unanimously.

Director Ballagh moved to accept the Financial Report and approve the Accounts Payable in the amount of \$58,784.89 plus these additional payments: AWWA/WPCA, \$132.00; Snowmass Resort Association, \$56.00; Tracor Instruments, \$45.00; Petty Cash, \$55.00; and a transfer of funds of \$30,000 from Palisades National Bank to Mesa Federal and \$25,000 from Valley Federal to ColoTrust. The motion was seconded by Director Garber. At this time Director Barrick entered the meeting and Acting Chairman Ela tabled the motion in favor of a presentation from Myrl Goodwin who is representing the Whitings in the sale of 55% of the Grand Mesa Reservoir Company stock.

Mr. Goodwin went into a spiel to justify the asking price of \$1,000 per acre-foot of developed water and \$500 per acre-foot of undeveloped water as being offered for sale to the District by the Whitings. Directors Ela and Ballagh wanted more evidence that the undeveloped water would not be considered abandoned and that there would be no difficulty in having the use changed from irrigation to domestic purposes. A 20-minute discussion followed in which many points were discussed and in which Mr. Goodwin expounded on the value of the water to the District. There being no other points for consideration and Mr. Goodwin having made his argument, he excused himself from the meeting.

Acting Chairman Ela then asked for a discussion on the previous motion and second to accept the Financial Report and Accounts Payable. There was no discussion and the motion passed unanimously.

Superintendent Schuster gave a short report on the change of use of the Grand Valley Irrigation shares from irrigation to domestic and irrigation stating that the attorneys had informed him they were very close to an out-of-court settlement and only the attorneys for the County of Pitkin and the City of Aspen had to be satisfied in order to have a stipulation which would be agreeable to all parties. Director Ela inquired as to whether the Grand Valley Irrigation Company would be a signatory to the stipulation and if the stipulation required Clifton to pay any of GVI's attorney fees. Superintendent Schuster told the Directors that Grand Valley Irrigation Company would be a signatory to the stipulation but that nothing was in there stating that Clifton would be responsible for their attorney fees.

Directors Ela, Ballagh and Barrick gave Director Garber a short report on the ad hoc committee which was held on July 13th in the Board Room of the Ute Water Conservancy District. The Clifton members of the ad hoc committee had adamantly stated the position adopted at the June 8th meeting much to the chagrin of Ute Water and pleasure of the City members of the committee. The Directors instructed the Superintendent to prepare a comparison of the Conservancy District Statute and the Title 32 Statute to show which type of District would be better prepared to govern a valley wide water entity. The Superintendent was also instructed to provide those members of the Clifton Board who were not members of the ad hoc committee with copies of the minutes of future ad hoc committee meetings.

Director Barrick moved to adopt the following position paper.

It is the position of the Directors of the Clifton Water District that if a Unified Central Grand Valley Water System is formed that it be formed in the form of a Water Authority in accordance with C.R.S. 1973, 29-1-203.2. It is also the position of the Clifton Water District that the Directors of the Water Authority be selected from elected officials from the Ute Water Conservancy District, the City of Grand Junction, Clifton Water District and, should they elect to participate, the Town of Palisade. Also that the Board of Directors be comprised of seven persons and selected by the percentage of customer accounts that each entity serves (the customer accounts to be defined so that the calculation of the number of Directors of all entities are based on the same premise). It is also the position of the Clifton Water District that the Clifton Water District will stand on equal representation on the Board if the Directors of Ute continue to be appointed rather than elected but that the District may subordinate an equal representation on the Board if all of the Directors are elected.

The Water Authority will provide raw water collection, treatment and transmission of treated water to various points within the Valley where the water will be distributed by the existing entities. At some later time the Clifton Water District would be receptive to having the Water Authority provide all the services as required by a water utility.

The motion was seconded by Director Ballagh and passed unanimously. The Superintendent was instructed to send a copy of the final wording of the position paper to all the Directors when prepared and, upon an affirmative telephone poll of all Directors on the choice of words, to send copies of the paper to the City of Grand Junction and the Ute Water Conservancy District.

In getting back to the purchase of the 55% of the Grand Mesa Reservoir Company stock from the Whiting Brothers, Director Garber stated he does not think there is much competition for the water and since there is some question in the value of the undeveloped 267 acre-feet of water, that the District offer \$900,000 for the Whiting portion of the Grand Mesa Reservoir Company and that such offer be accompanied by a check in the amount of \$90,000 which would consummate the deal if endorsed and cashed. There was considerable discussion on the merits of such a suggestion with the final consensus of the Directors instructing the Superintendent to obtain concurrence from legal counsel if such an offer was in the best interests of the District in order that a decision may be finalized at the next meeting. Specifically, the Superintendent was instructed to obtain from legal counsel an opinion of the possibility of maintaining senior rights if the undeveloped water is developed and the possibilities of changing the use from irrigation to domestic. The Superintendent was also instructed to inform Mr. Goodwin that the Whiting proposal had been declined in its present form but wanted to leave the door open for further negotiation. During the discussion Director Ballagh presented the Directors with a copy of some information prepared by a noted water engineer and water attorney (two different people) which would assist the Directors in making a decision as to the water law involved in this matter. Director Ela wanted the minutes to reflect the appreciation of the Board of Directors for Director Ballagh's forethoughts in preparing this copy.

Director Ballagh moved to increase the wage and benefit package for all the employees retroactive to July 1st, with the exception of Superintendent Schuster, a total of \$8,000 per year and the distribution of the \$8,000 be

spread among the employees at the discretion of the Superintendent and that any further increase in wages be matched with increased capability of the staff in training, use of equipment and efficiency of production. The motion was seconded by Director Barrick and passed unanimously. During the discussion Office Manager Kay inquired as to the Directors' thoughts as to why the Directors were unhappy with the employees' performance and the inquiry was seconded by Chief Operator Blount. The response was that the Directors were not unhappy with the performance of the employees but wanted the employees to know that any increases would be directly associated with increased efficiency and production and not just given at random.

Director Ballagh moved to increase Superintendent Schuster's salary by 5% per annum retroactive to July 1, 1988. The motion was seconded by Director Barrick and passed without opposition.

Superintendent Schuster informed the Directors that the DEC (Digital Equipment Corporation) had advanced technology equipment with lower maintenance contract costs which could save the District \$2,700 per year but that the purchase of this additional equipment would cost the District \$5,995, which meant that the reduction in the maintenance contract would offset the cost of the additional equipment in a period of approximately 25 months. He also gave the Directors another alternative of purchasing IBM hardware and software for approximately \$20,000 with a maintenance contract which would only cost \$2,000 per year. The Superintendent said he favored the purchase of the DEC equipment as the installation of IBM equipment would be tantamount to starting from day one and could possibly take up from 12 to 18 months to get on line. He based this estimate of time to get the equipment on line from his experience in 1984 when the DEC equipment was first installed. After some discussion Director Barrick moved to table the matter until August. The motion was seconded by Director Ballagh and passed unanimously.

The Superintendent informed the Directors that after consideration of the USGS salinity study, he recommended the Directors not participate in sharing any of the \$90,000 cost of the study as he thought it was a duplication of what the Bureau of Reclamation had already done and he did not think that East Slope diversions caused that much of an increase in the salinity. After some discussion Director Ballagh moved to reconsider participation on the USGS salinity study based on the Superintendent's report and that the District simply decline any financial participation. The motion was seconded by Director Barrick and passed unanimously.

In a memorandum to the Directors the Superintendent had requested that the District restore its new construction policy to the District policy which was in effect prior to March 5, 1986. The recommendation was to delete Paragraph A.3 and all subsequent paragraphs from the March 5, 1986 policy which would be tantamount to returning it to the same policy the District used during the boom era. A long discussion followed the Superintendent's recommendation in which Director Garber stated that the policy is not all that bad and favored keeping the policy adopted March 5, 1986, but said he would reconsider his position and go along with the Superintendent if necessary. Director Ela asked to defer any action on the Superintendent's recommendation until the August meeting.

The Superintendent informed the Directors that Joe Kearl had requested an out-of-district tap for his home on the west edge of the hill where Plant #1 is located. The Superintendent recommended denying the tap due to the potential problems which could be encountered in delivering water to Mr. Kearl. Chief Operator Blount stated that he was in favor of denying the tap since that portion of the system sometimes get a slug of chlorine which may affect the taste of the water delivered to Mr. Kearl. After some discussion it was the opinion of Directors Ballagh and Barrick to set a meter north of the 100,000 gallon tank at Plant #1 and let Mr. Kearl come to the tap to get water. Director Ela instructed the Superintendent to prepare a letter to Mr. Kearl to tell him that a tap would be made available on the 10" line just north of the 100,000 gallon tank but that the delivery of the water would be at Mr. Kearl's own devices and own expenses and that the District would not be responsible for delivery of water beyond the meter which would be set directly adjacent to the 10" line.

The Superintendent asked the Directors to consider a computer aided telephone system which would automatically provide notification for delinquent accounts as well as third party notification at a cost of approximately \$5,000. The Superintendent said he was not especially in favor of such a telephone system but that it may avoid the bad press which was received when Grand Park was shut off for nonpayment. The Directors instructed the Superintendent to see if the purchase of such a system could be done in conjunction with Ute, the City, or both in order to reduce the cost to the District and that the staff was to continue to study the problem to see if costs could be reduced for the District to provide the service.

The Superintendent informed the Directors that there was 15 cfs of water available for sale near Rifle and that he had tentatively turned down the offer but thought it was up to the Directors to make the final decision. After some explanation of the historical use of the water, Director Ela said he could see no benefit in purchasing that water over Grand Valley Irrigation Company shares and Director Barrick moved to reject the offer. The motion was seconded by Director Garber and passed unanimously.

Superintendent Schuster read aloud a "notice of claim" from Charles P. Casteel claiming the wrongful and illegal collection of a tap fee for his condominiumized apartment houses at 484 and 486 Mae. The Superintendent was instructed to refer the claim to legal counsel and to the insurance company for their reaction.

Superintendent Schuster informed the Directors that some residents of Southridge had approached him about the possibility of inclusion into the District and said if such a request met with approval that they would prepare the petition in accordance with statutory requirements. After some discussion, Director Garber moved to give affirmative consideration to inclusion of the Southridge area in the District as long as the inclusion agreement spelled out the residents of Southridge would be responsible for all costs involved in pumping the water should they elect to have more pressure. The motion was seconded by Director Ballagh and passed unanimously.

Superintendent Schuster was appointed to prepare the 1989 budget for consideration by the Directors at their next meeting.

There was some discussion of the SDA of Colorado annual conference at Tamarron near Durango scheduled for September 29th and 30th and the Directors were instructed to advise the Superintendent prior to the end of July as to whether or not they planned to attend.

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There being no other business, Director Ela adjourned the meeting at 11:40 p.m.

John L. Ballagh
Secretary

ATTEST:

Paul G. Banick

Martin Garber

J. M. Ela - V.P.

Sarah W. Smith, Pres.

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held August 17, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. In addition to the Directors and staff, Edna Charlesworth, representing the Clifton Garden Club, and Myrl Goodwin, representing the Whiting Brothers, were also present. Director Smith called the meeting to order promptly at 7:30 p.m.

Edna Charlesworth requested that the Clifton Water District provide some relief to the water bills for the Roadside Park. The water bills from April through July had totaled \$216.80 while the total water bill in 1987 was \$387.80 and the funds to pay the bills were generated by the Garden Club's White Elephant Sale, in which she stated, "members sell their junk to other members", and proceeds from bake sales. It was the general consensus of the Directors that the Superintendent ask the State Highway Department to pay for this water and if they declined, to provide water for the Roadside Park at Clifton's cost (which is presently \$0.34 per thousand gallons). Director Barrick moved to have the Superintendent ask the State Highway Department to pay for the water used at the Roadside Park, thereby putting the responsibility of conserving water with the State Highway Department since they are the caretakers of the park and in the event that this request is declined, to provide water to the Roadside Park at the District's cost of production and for the District to investigate an automatic shutoff of the water after a certain period of irrigating in order to avoid waste. The motion was seconded by Director Garber and passed unanimously. The Superintendent was also instructed to provide a letter to the Garden Club stating the position the Directors had taken.

Myrl Goodwin who is representing the Whiting Brothers in the sale of 55% of the Grand Mesa Reservoir Company stock presented the Directors with a copy of a letter he had sent to the Superintendent stating that the total price of the Whiting Brothers' share of the Grand Mesa Reservoir Company stock was now \$1,003,110 which is equivalent to \$1,153 per acre-foot of the developed water and no monetary value on the undeveloped storage rights. After a lively discussion which lasted 25 minutes, Mr. Goodwin was excused from the meeting so the Directors could take his proposal under consideration.

The last line on page 2 of the minutes of the July 20, 1988, Directors' meeting was changed to read as follows: "Schuster, a total of \$8,000 and the distribution of the \$8,000 be spread amongst the employees at the discretion of the Superintendent and that hereafter increases in office payroll would be a line item in the budget." The Directors also wanted the first line in the second paragraph on page 3 to read: "Director Ballagh moved to increase Superintendent Schuster's salary by 5% retroactive to July 1, 1988." Director Ballagh moved to accept the minutes of the July 20, 1988, Directors' meeting as corrected. The motion was seconded by Director Garber and passed unanimously.

Director Barrick moved to accept the Financial Report and pay the Accounts Payable in the amount of \$51,077.49 as shown in the Report, plus an additional \$1,713.68 for six payments as follows: \$1,188.88 to Mountain Agregate; \$136 to Utility Notification Center of Colorado; \$249.25 to Airstream Plumbing and Heating; \$13.80 refund to American Savings; \$6.20 refund to George Leake; Dale Tooker's expenses in the amount of \$119.55 for attending a seminar on gas chromatographs in Denver; and a transfer of funds of \$30,000 from Palisades National Bank to Mesa Federal. The motion was seconded by Director Ballagh.

During the discussion, Director Garber inquired as to the decrease in receipts for the availability of service charge which was explained by an increase in the number of active taps and a decrease in furloughed taps. The discussion also centered around the \$1.00 penalty which the District adds to a balance due even when there is less than \$1.00 owing. The August 1st bond payment was also discussed in some detail as the District had showed an increase in Cash Flow of \$147,000 from December 31, 1987, to July 31, 1988. This tremendous increase in Cash Flow was explained by the bond payment being paid August 1, 1988, where the previous year the bond payment had been paid on July 31st. With all questions being satisfied, the motion passed unanimously.

Superintendent Schuster gave a short report on the change of use of Grand Valley Irrigation shares from irrigation to domestic and irrigation, stating that negotiations for a stipulated agreement had broken down and Attorney Dufford would ask the court to set a trial date on term day which is the second Tuesday in October. The Superintendent was instructed to have the attorneys get as many of those objectors that will to sign off on the stipulation and to go to court only with those who are not in agreement.

The members of the ad hoc committee attending the August 10th meeting gave a short report, after which a very animated discussion followed. During the discussion it was observed that the general consensus of the Board was that Ute wanted their way in any potential merger, whereas the City and Clifton were willing to accept a compromise. The Directors also noted the similarity in the position papers of the City and Clifton as compared to the considerably different position as presented by Ute. It was decided at the August ad hoc committee meeting to skip the September ad hoc committee meeting and allow the entities time to reevaluate their positions and meet again in October. Director Ela stated that he thought this is the time to get Ute off of dead center, and to assist them in reevaluating their position he moved that the Clifton Water District Board of Directors act as sponsors and circulators of a petition to cause an election of the Ute Directors in accordance with C.R.S. 37-45-114(2) and that this petition be drafted and circulated in accordance with statutes and in a time frame such that the election procedure to take place in time to fill the Ute Board of Directors vacancies in the spring of 1989. The motion was seconded by Director Ballagh and after a lively 25 minute discussion, passed unanimously.

Director Barrick moved to purchase 55% of the Grand Mesa Reservoir Company stock from the Whiting Brothers, free and clear of all liens and the water assessments up to and including water year 1988 at a price of \$1,050 for the 870 acre-foot of developed storage and submit a check in the amount of 10% of the total purchase price (\$91,350 earnest money check) with the understanding that the acceptance of the check was also the acceptance of the offer and that the balance of the \$913,500 (\$822,150) be paid to the Whittings in 10 equal annual payments at an interest rate of 7%. The motion was seconded by Director Garber and passed unanimously.

The Directors also approved a request by the City of Grand Junction for Clifton to cosponsor the City's request for energy impact funds to assist in the construction of the North Fork transmission line which will allow water from the North Fork of Kannah Creek to be diverted into Juniata Reservoir.

Director Ela moved to accept the Superintendent's recommendation as stated in his memo of June 29, 1988, to delete Paragraph 3 under Section A and delete all of Sections B, C and D from the Construction and Tap Fee Payment Policy adopted March 5, 1986. The motion was seconded by Director Ballagh. During the discussion, Director Ballagh argued that Clifton's close control over our construction allowed the employees to know the location of our water lines as compared to a real lack of knowledge of the location of water lines when the contractor, inspector, designer and preparer of the as built drawings could all have separate employees. The motion passed unanimously.

Superintendent Schuster informed the Directors that the present insurance company denied any responsibility for the "notice of claim" from Charles P. Casteel as both the act and the notice happened while being insured with a previous insurance carrier. The Superintendent also informed the Directors that the previous insurance policy had a \$5,000 deductible whereas the claim is only for \$4,500 but that the previous insurance carrier would pay attorney fees in defending Clifton Water District's position.

The matter of purchasing advanced technology equipment with a lower cost on the service contract from DEC versus the purchase of an IBM computer which was tabled at the July meeting was discussed at some length. The Superintendent was instructed to communicate with Danny Davis of Chadwick, Steinkirchner, Davis & Company concerning Clifton's computer needs as well as finalize estimates in purchasing IBM equipment which the Directors believe would better serve the needs of the District for many years to come than the present equipment.

The failure of the sewer trench on Gerken Road on August 3, 1988, in conjunction with a water leak on the same date was discussed at some length. The Directors took opposing views on the responsibility of repairing the sewer trench but concurred that the Superintendent should refer the problem to the insurance company for their recommendations.

The staff had prepared a preliminary budget for 1989 which was discussed. Director Ela moved to accept for study the Preliminary 1989 Budget with the understanding that the \$10,000 for automobile purchase would be deleted and that various other amounts would be changed as suggested by the Directors for a more complete consideration and action by the Directors at the September meeting. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent was instructed to explore the water rates for multiple users within the District and to present a report at the September meeting. The Directors are very concerned that any water rate for multiple users be balanced with actual cost to the District and encourage development to take place within the District.

The Superintendent read aloud a letter received from Dan Burns/Leroy Harris, DBA, Dominguez Reservoir Company, requesting a commitment from the District for municipal water from the Dominguez Reservoir. It was the general consensus of the Directors that Clifton was not interested in water from the Dominguez Project for municipal purposes but that they did support the project and instructed the Superintendent to convey the Directors' position to Dan Burns/Leroy Harris.

Director Barrick told of the results of an Insurance Service Organization (ISO) fire protection inspection on July 31st and August 1st. Director Barrick stated that the ISO found two areas deficient, Clifton Commercial Center (Jim Sloggett's place) and Central High School. Basically, these areas flunked the test because of the area of building under one roof as compared to

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the availability of water. The improvement of water to Central High School has been given top priority and is scheduled to be completed within the next 9 months, whereas additional water for the Clifton Commercial Center has been given a very low priority due to the economics involved. Director Barrick appeared to be satisfied that only two areas were out of compliance out of the thirteen areas tested.

Director Smith adjourned the meeting at 11:30 p.m.

John L. Ballagh
Superintendent Secretary

ATTEST:

Sarah V. Smith, Pres. Paul E. Barrick
W^m. M. Elv, V.P. Martin Garber

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held September 21, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Staff present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Also present was Therese Mariner, a Director from the Ute Water Conservancy District. Director Smith called the meeting to order promptly at 7:30 p.m.

Director Ballagh moved to approve the minutes of the August 17, 1988 meeting with the addition of the words "and District" into the sixth line of the first paragraph on page 3 so that line would now read "...construction allowed the employees and District to know the location of our water lines as...". The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved to accept the Financial Report and approve the Accounts Payable of \$74,837.10 as shown on the Report with a \$30,000 transfer of funds from Palisades National Bank to Mesa Federal Savings. The motion was seconded by Director Garber and passed unanimously after a few minutes of discussion.

Superintendent Schuster informed the Directors that Attorney Dufford thought it better to go to court with all the objectors of the change of use of the District's Grand Valley Irrigation Company shares as it was Dufford's opinion the courts may provide Clifton Water with a more favorable outcome than could be negotiated. Director Ela responded by saying it was his opinion that once the majority of the objectors signed off on a stipulation the nuisance type objectors would have the burden of preparation of a court case and may also elect to sign off on a stipulation.

There was no report from the ad hoc committee as there was not a September meeting. The Superintendent did state that Ute's General Manager had called to set up a meeting between the Directors of the Clifton Water District and the Ute Water Conservancy District and asked what days would be best. The Directors selected October 6th as a primary meeting date and October 7th as a back-up date for the meeting.

Office Manager Kay gave the Directors a short report on the results of a conversation she had with the District's auditor in accordance with the instructions of the Directors at the August 17th meeting. The auditor did not speak favorably on interfacing Clifton's computer with their computer as he did not think there was any advantage to it. Superintendent Schuster informed the Directors that he was studying three alternatives in replacing the existing computer equipment, one alternative of which included the IBM AS400 technology using IBM B10 system. The majority of the Directors said that was way too much machine for Clifton and discouraged the staff from pursuing this idea any further. The Superintendent stated that the other two alternatives consisted of constructing a network using personal computers, which the Directors favored.

Director Ballagh moved to adopt the 1989 budget as presented to the Directors on September 16th. The motion was seconded by Director Ela. A lengthy discussion ensued in which Director Garber stated he was uncomfortable with some of the numbers in the budget and wanted an accounting as to why the total payroll was approximately \$26,000 greater than what he thought was reasonable. Superintendent Schuster could not explain the error in the figures but did say there must have been a miscalculation. Director Ela moved to amend the motion stating that the increased figures for the wage and benefit package of the employees is not deemed by the Board to be an automatic salary increase. The amendment was seconded by Director Ballagh and passed unanimously. President Smith then called for a vote on the first motion which also passed unanimously.

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Director Ballagh moved to hold a public hearing on the budget on October 12, 1988, and to publish the necessary documents as required by statutes for the public hearing. The motion was seconded by Director Garber and passed unanimously.

Superintendent Schuster informed the Directors that the Highway Department had agreed to pay the water bill for the Roadside Park, thereby relieving the Clifton Garden Club of the financial obligation of paying the water bill.

The Superintendent presented a petition prepared by Attorney Bechtel which, when properly circulated, would cause the election of the Ute Board of Directors whose terms expire in 1989. The Directors had several questions concerning the petition. The biggest question being if the petitions are required to be bilingual. The other questions were when they could commence circulation of the petition and when the petition would have to be submitted to district court. The Superintendent stated he would get with Attorney Bechtel to get these matters clarified.

The Superintendent presented the Directors with a proposed multiple water user rate which, in effect, defined those users who would be subject to paying a minimum for each household versus those who would just pay for the water which went through the meter. After some discussion Director Ballagh suggested that the multiple user water rates be incorporated into the Water Usage Fee Policy which the Directors adopted on May 18, 1988. The Superintendent said that he would merge the two documents and present the Directors with something prior to the October meeting.

Superintendent Schuster requested that the Directors approve the withdrawal of the Clifton Water District from the Utility Notification Center of Colorado (UNCC). The Superintendent went on to state that when he recommended membership in the UNCC in May he was under the impression that it would assist Clifton in protecting their buried utilities. Since that time he has determined that the cost is far greater than any return to the District and recommends withdrawal. Director Ballagh moved to accept the Superintendent's recommendation and withdraw from UNCC. The motion was seconded by Director Barrick and passed unanimously. The Superintendent was instructed to give the UNCC the reasons for withdrawal in his notice to them.

Superintendent Schuster stated that the Clifton Water District had received another safety award, which amounted to approximately 120 man-years without a lost time accident, at the recent Rocky Mountain Section of the American Water Works Association (RMS AWWA) in Snowmass. Director Ballagh stated that if there is a picture of the Superintendent receiving the award that this should be submitted to The Daily Sentinel as a press release. Director Smith also stated that Schuster's election to Chairman Elect of the RMS AWWA should also be publicized. Superintendent Schuster was not the only one receiving awards as it was announced Leslie Smith had been named Mesa State's 1988 Distinguished Alumna as published in the September 15th edition of The Daily Sentinel.

Director Garber inquired as to the disposition of the repair of Gerken Road, the tortuous claim by Charles Casteel, the photo I.D. cards of the Directors and employees with the tax exempt number and other information imprinted upon it and the hourly cost to the District of each employee. All of his questions were answered satisfactorily.

The Superintendent had requested an executive session to discuss some privileged information concerning the purchase of the Whiting Brothers Grand Mesa Reservoir Company stock and the purchase of the Sommerville Reservoir on

top of Grand Mesa. With this request, Mrs. Mariner excused herself from the meeting. Director Ela objected to holding an executive session unless the Superintendent could show that by discussing the matter in public it would economically hurt the District. Superintendent Schuster stated that he did not think a public discussion would adversely affect the District economically. Based on the Superintendent's statement, Director Ela stated that he wanted the minutes to reflect that the discussion which followed was still in a public meeting. One of the best ideas which came out of the discussion that followed was the possibility of Clifton purchasing the Grand Mesa Reservoir Company stock and trading this water with the City for other water that has a domestic decree. After 50 minutes of discussing the pros and cons of purchasing the Whiting Brothers' Grand Mesa Reservoir Company stock, Director Ballagh moved to reconsider the motion of the August meeting to purchase the Whiting Brothers' Grand Mesa Reservoir Company stock based on information which was not available at the time of the motion. Director Ela seconded the motion stating that there was a question of actual yield of water to the District and that this should be determined before pursuing the purchase of the Grand Mesa Reservoir Company stock. The motion passed unanimously.

Director Ela then moved to arrange a meeting between the Utility Committee and staff of the City of Grand Junction, the Directors and staff of the Clifton Water District, Attorney Dufford, and Broker Myrle Goodwin. Director Ela stated that a meeting without Attorney Dufford would probably not be productive and thought that if Dufford was invited then Mr. Goodwin should be there to protect his interests also. The motion was seconded by Director Ballagh and passed unanimously.

Superintendent Schuster informed the Directors that he thought the owners of the Sommerville Reservoir would accept an offer of \$500,000 for the reservoir and the land around the reservoir. Schuster went on to state that he and Chief Operator Blount had inspected the reservoir and found it to be in extremely good condition and he thought the water could be transported from the Whitewater Creek Drainage Area into Juniata Reservoir and through a series of agreements and exchanges with the City be brought into Clifton's system. After some discussion the Superintendent was instructed to investigate further the possibility of buying the Sommerville Reservoir as well as the possibility of purchasing the whole ranch with all its water rights. Director Ballagh suggested we offer \$91,350 for the whole ranch.

The meeting adjourned at 11:15 p.m.

John L. Ballagh
Secretary

ATTEST:

Lambert W. Smith

Paul E. Bonick

Wm. M. Elg, V.P.

Martin Garber

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held October 12, 1988.

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Staff members present were Superintendent Schuster and Chief Operator Blount. Also present were the City of Grand Junction's Utility Manager Greg Trainor, and Mrs. Gale and her mother Mrs. Hackman from 3238 1/2 F 1/4 Road. Director Smith called the meeting to order promptly at 7:30 p.m.

Superintendent Schuster gave the background of why Mrs. Gale and Mrs. Hackman were present at the meeting. It had just been recently discovered that there were four water users at 3238 1/2 F 1/4 Road that were being served water from two paid taps. The Superintendent had advised the four property owners at this address that they were in violation of District Policy and the purchase of two more taps would be required. Mrs. Simmons and her daughter Ms. Case had previously purchased a tap, leaving Mrs. Hackman the only one without a tap. The Superintendent also pointed out that Mrs. Hackman was "blind sided" as she purchased the property in good faith that there was a water tap and he recommended a variance to District Policy, as far as the tap payment, be made to Mrs. Hackman due to the unfortunate circumstances surrounding the situation, the District being somewhat at fault for letting this happen for eight years before noticing it and Mrs. Hackman's economic situation. Director Barrick moved to allow a variance in District Policy in this regard and requested that Mrs. Hackman make payments of at least \$25 per month as principal and \$3.30 per month as interest on the unpaid principal plus her normal water bill until such time as the tap was paid in full. The motion was seconded by Director Ballagh and passed unanimously.

Greg Trainor was at the meeting to discuss the possibility of Clifton leasing some of the City's surplus water on Grand Mesa or purchasing Grand Mesa water and paying the City a wheeling charge to get the water to the District's operation on Whitewater Hill. The discussion lasted for 40 minutes with many possibilities being discussed. Superintendent Schuster would be attending the Utility Committee Meeting at City Hall at 7:00 a.m. on October 13th to discuss some of the same options with the Committee members.

Don Newton of 581 Gerken Road entered the meeting during Mr. Trainor's discussion with the Directors and, upon being given the floor, he complained about the condition of Gerken Road since the repair of a water leak on August 4 and 5, 1988. The discussion lasted for 25 minutes. At the end of the discussion Director Ballagh moved to have the Superintendent prepare a letter to the County stating that the District would prepare the disturbed areas of the asphalt for patching if the County would make the patch. The letter was to state in unequivocal terms that the District was only doing this work as a public relations effort and that the County would indemnify and hold harmless the District from and against all claims, damages, losses and expenses, including attorney fees, arising out of or resulting from the performance of the work the District was doing and there was no admission of liability in any regard for the damage to Gerken Road, provided that the District's attorney and the insurance company were in agreement with such a procedure. The motion was seconded by Director Ela and passed unanimously.

Ruth Hutchins and Glenn Miller entered the meeting at 8:50 p.m. and requested that the District participate in financing a salinity study to study the effects of future diversions on the salinity in both the Colorado and Gunnison

Rivers to be conducted by the United States Geological Survey. The Directors stated they would have a written response to that request prior to the November 16th meeting.

Director Barrick moved to approve the minutes of the September 21st meeting as corrected by changing the typo in the last line of the third paragraph on page 3 to correctly read "\$913,500" rather than the erroneous amount of \$91,350. The motion was seconded by Director Ballagh and passed unanimously.

Director Barrick moved to approve the Accounts Payable in the amount of \$59,989.57 as shown on the Report plus \$144 to CareerTrack Seminars and a transfer of funds of \$30,000 from Palisades National Bank to Mesa Federal Savings. The motion was seconded by Director Garber. During the discussion Director Ela inquired as to the Superintendent's opinion on bidding projects such as the upgrading of the line on 30 Road and the proposed upgrading of the water line from Beverly Lane on E 1/2 Road to 31 Road. Superintendent Schuster stated that he thought the District was getting the best product for the least dollar spent by letting Ben Dowd Excavating perform the work as schedules permit rather than bidding the project and went on to state that none of the individual projects exceeded the statutory limitation requirement for bidding of over \$25,000. Director Ela accepted the explanation and wanted the minutes to reflect his inquiry. The motion passed unanimously.

The time and date of the adoption of the Clifton Water District 1989 Budget has been duly published in The Daily Sentinel. With all statutory requirements being met and no one present to object or to discuss the budget, Director Ela moved to adopt the following resolution:

WHEREAS, the DIRECTORS have adopted the annual budget for 1989 in accordance with the local government budget law on the 12th day of October; and

WHEREAS, the DIRECTORS have made provision therein for revenues in an amount equal to or greater than the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, so as not to impair the operations of the DISTRICT.

NOW, THEREFORE, BE IT RESOLVED by the DIRECTORS OF THE CLIFTON WATER DISTRICT of Mesa County, Colorado:

That the following sums are hereby appropriated from the revenues of the DISTRICT for the purposes stated:

ESTIMATED EXPENDITURES:

Water Purchases	\$ 118,000
Source of Water and Related Items	18,000
Mileage	500
Directors Fees	2,400
Purchase Office Equipment	25,000
Purchase Equipment Plant #2	7,000
Construct New Lab Plant #2	20,000
General Construction	70,000
Wages & Benefits	375,060
Operating Expenses	236,200
Plant #2 Expenses less Wages and Benefits	216,120
Bond, Principal & Interest	198,825
Contingency	20,000
TOTAL ESTIMATED EXPENDITURES	<u>\$1,307,105</u>

ESTIMATED REVENUES:

Sale of Water	\$ 925,805
Sanitation District Fees	9,000
City of Grand Junction Reimbursement	110,000
Penalty & Turn Fees	48,800
Sale of Taps	6,000
Availability of Service Charge	18,500
Interest Income	125,000
Miscellaneous Income	4,000
Property Taxes	0
Funds From District Reserves	60,000
TOTAL ESTIMATED REVENUES	<u>\$1,307,105</u>

IT IS FURTHER RESOLVED, that there is appropriated from the funds of the DISTRICT one million, three hundred seven thousand, one hundred five dollars (\$1,307,105) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 1989 or thereafter.

The motion was seconded by Director Barrick and passed unanimously.

Superintendent Schuster said that a pretrial for the change of use of Grand Valley Irrigation shares from irrigation to domestic and irrigation was set for February 3, 1989, at the Garfield County Courthouse in Glenwood Springs and that Attorney Dufford was going to submit one more stipulation to the objectors in the hopes that an actual trial could be avoided. With Attorney Dufford's name being mentioned, Director Ela inquired as to the fees spent in pursuing the Green Mountain Reservoir plan of operation as proposed by the Bureau of Reclamation. Superintendent Schuster stated that Attorney Dufford had only made one trip to Federal Court in Denver and he thought Dufford's efforts to this point were well worth what the District had paid.

Superintendent Schuster gave the Directors a short report on the various computer network hardware and software options available to the District, describing in some detail each proposal. Director Smith said that since the District was not in any particular hurry to purchase a new computer system that the District take a long hard look at many options, including a study and recommendations by a computer class at Mesa State College. She suggested that the District wait until her employer had the results of such a study before making any commitment. It was the general consensus of the Directors that that was acceptable.

Superintendent Schuster read aloud a letter from Attorney Bechtel dated October 12, 1988 which answered most of the concerns of the Directors concerning the petition for the election of Directors of the Ute Water Conservancy District. The Directors still had two concerns that they wanted addressed in written form from Attorney Bechtel. These concerns were: what about subsequent elections for Directors from the same subdivision when the terms had expired and are the signatures from 15% of the registered electors in Ute District sufficient or do the petitions require signatures of 15% of the registered electors in each subdivision. Superintendent Schuster said that he would get Attorney Bechtel to address in writing these concerns and that it would be available by the November meeting. Director Ela moved to have Attorney Bechtel submit the petition to the Court with a Motion for Approval of Petition as to Form as recommended by Attorney Bechtel. The motion was seconded by Director Ballagh and passed unanimously.

Superintendent Schuster stated that Attorney Bechtel and himself were fine tuning the proposed Multiple Water User Rates and Rate Fee Policy and asked that the consideration on this subject be deferred until the November meeting. It was the consensus of the Directors that the Superintendent and Attorney Bechtel fine tune the Rate Fee Policy and submit it to the Directors prior to the November meeting for study in order that it could be acted upon at that time.

Director Ballagh moved to table the subject of the District purchasing 55% of the capital stock of the Grand Mesa Reservoir Company as owned by the Whiting Brothers Ranch. The motion was seconded by Director Barrick and passed unanimously.

The Directors still wanted a face-to-face meeting with Attorney Dufford, Broker Goodwin and the Utility Committee of the City of Grand Junction and rather than canceling the scheduled meeting of all of these entities on October 13th they wanted to reschedule the meeting when the Utility Council from the City could be present. It was the consensus of the Directors that the District should have some security in any agreement made with the City to lease or to wheel water to Clifton.

Superintendent Schuster was instructed to prepare a report on the pros and cons of purchasing the Sommerville Reservoir as well as some recommendations of how to get the water into the Clifton system.

The Superintendent stated that Case 88CW285 was an application by the Town of Palisade on a water right which included the effluent from their oxidation ponds as well as seepage from the Grand Valley Canal with an appropriation date of June, 1988. Even though the water rights would be considerably junior to the water rights owned by the District, Director Garber moved to oppose the application for health reasons as the application would permit increased trihalomethanes (THM's), volatile organic compounds (VOC's), oxides of nitrogen and additional salt in Clifton's source of supply. The motion also contained an instruction to the Superintendent to remind the town of Palisade that Clifton did have senior water rights in order to discourage them from proceeding with the application. The motion was seconded by Director Barrick and passed unanimously.

The Superintendent presented the Directors with an agreement between the Grand Valley Irrigation Company and the Clifton Water District which would allow the District to construct a long span over their canal at 30 Road and hold harmless the Grand Valley Irrigation Company from any damages resulting from such construction. On a motion from Director Barrick and a second from Director Ela, the motion passed and the President signed the agreement and Secretary attested to the signature.

Director Ela moved for the District to continue the tradition of providing turkeys for families of employees and Directors associated with the District. The motion was seconded by Director Barrick and passed unanimously.

Director Smith inquired as to what answer the District would give the Mesa County Water Association in response to their request for financial and moral support for the potential affect of future diversions on the salinity in both the Colorado and Gunnison Rivers. Superintendent Schuster read the recommended levels of SO₄, Cl, and other dissolved solids (TDS) from the American Water Works Association as well as the average of these same elements found in the District's source of supply. Basically, the salinity of the Colorado River would have to double before there is any notable health affect from drinking the water, but the hardness at the present time is getting to the point of being intolerable. It was the consensus of the Directors that the Superintendent prepare a letter declining any financial or moral assistance in the proposed study and submit the letter to the Directors for their approval prior to posting.

There being no other business the meeting adjourned at 11:00 p.m.

ATTEST:

Sarah V. Smith, Pres.
Maxtin Garber

John L. Ballagh
Secretary
John M. Ela, V.P.
Paul E. Barrick

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held November 16, 1988

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Staff members present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Also present was Kent Holsan, Chief of the Clifton Fire Protection District.

Director Smith called the meeting to order at 7:30 p.m. and gave the floor to Chief Holsan. Chief Holsan praised the Clifton Water District for their part in assisting the Fire District to get a Class 5 rating from ISO Commercial Risk Services, Inc. Formerly, Class 8 applied. A 15-minute discussion ensued where Chief Holsan explained what the Fire District had to do to further reduce the rating to a Class 4 and how much the Fire Protection District enjoyed the cooperation they were receiving from the Water District.

Director Barrick moved to approve the minutes of the October 12, 1988 meeting as presented. The motion was seconded by Director Ballagh and passed unanimously.

Director Barrick moved to approve the Accounts Payable in the amount of \$57,835.30 plus a transfer of funds of \$30,000 to Mesa Federal Savings and \$34,746.98 for the purchase of Ginnie Maes in addition to a \$2,914 payment to H & J Supply for a hydro-blaster high pressure pump. The motion was seconded by Director Garber and, after a 25-minute discussion, passed unanimously. The 25-minute discussion that followed the motion included topics such as the Bureau's change of operation of Green Mountain Reservoir, Grand Mesa Water (specifically the purchase of the Whiting Brothers' Ranch shares of Grand Mesa Reservoir Company stock) and the bill for electric power from Public Service Company of Colorado at Plant #2. During the discussion the Superintendent was instructed to prepare a list of steps the District has taken to reduce costs such as installing the diesel powered generator at the Plant, reduction of costs in reading meters by using in-house personnel, the mill levy reduced to zero, reduction in insurance premiums due to assisting the Fire Protection District and any other steps the District has made to reduce costs. This list is to be provided to the employees and to the Directors for reference. The Superintendent was also instructed to advise Myrle Goodwin that the District will not take positive action toward purchasing the Whiting Brothers' Ranch Grand Mesa Reservoir Company shares until they are furnished with an attorney's opinion as to how much water would be available to Clifton when the use of the water is changed from irrigation to domestic. The District will not pay for the opinion, nor will a favorable opinion obligate the District to make the purchase.

Superintendent Schuster informed the Directors that he had erred when he advised them that there was only one petition required to cause the Ute Directors to be elected. Only the Ute Directors could change their bylaws to require elections but if Clifton were successful in circulating petitions and causing an election it would have to be done every time a Ute Director's term expired. He also advised the Directors that Attorney Bechtel had submitted the petition to the courts for approval as to form and that the judge required separate petitions for each Director whose term was to expire and 15% of the signatures of the voters within that Director's District to sign the petition. Director Ela instructed the Superintendent to have Bechtel ask the court to reconsider its opinion as the court had missed the intent of the statute in making such a ruling. A 20-minute discussion on the petition followed. The other Directors agreed that Attorney Bechtel request the judge to reconsider his opinion.

The Directors also instructed the Superintendent to inform the new legislators, Dan Prinster and Tim Foster, that the Clifton Water District still wanted to pursue legislation which would allow withdrawal from a water conservancy district. Director Smith informed the Board that she had received a call from the Chairman of the Ute Water Conservancy District, Bob Saunders, and was advised that Ute would present a cost to Clifton for purchasing supplemental winter water to reduce the salinity in our system. Superintendent Schuster had prepared some information showing that the total payments made to Ute, which includes taxes and water costs, made the cost of water from Ute at \$15.89 per thousand gallons and with this information the Directors were more motivated to pursue withdrawal from Ute.

Director Ballagh moved to adopt the Water Usage Fee Policy as presented to the Directors by the Superintendent with the understanding that the increased revenue would provide Clifton with a means to "pay as you go" in obtaining less saline water to mix with Colorado River water during the winter months. The motion was seconded by Director Carber. After 30 minutes of discussion, Director Ela moved to table adopting the Water Usage Fee Policy until the December meeting to allow the Superintendent and Attorney to make some adjustments in the Policy to allow motels, hotels, campgrounds and other type transient businesses to be defined as a single user and not subject to the multiple rate as presented. The motion to table was seconded by Director Barrick and passed unanimously.

Director Barrick moved to accept the changes in Paragraph 8.6.1 and 8.6.2 of the Personnel Manual as presented by the Superintendent. The motion was seconded by Director Ballagh and passed unanimously.

The Superintendent advised the Directors that the Mesa County Road Department had rejected Clifton's offer to assist in repairing the holes on Gerken Road as proposed at the October meeting. The County had made the repairs with the understanding that Clifton was not held harmless in the event the County wanted to pursue the matter. The Superintendent was instructed to take pictures of the County's repairs and to check with Don Newton about his observations on the way the County made the repairs and to record this information in the event it was needed at some future time.

Superintendent Schuster had suggested that Clifton Water District consider leasing Fruita water to augment the Grand Valley Canal water since Fruita's water was already decreed for domestic use. The Superintendent told the Directors that there was an 840 acre-foot average yield and a firm yield of 560 acre-foot. It was the general consensus of the Directors that the Superintendent take a hard look at what would be required to lease the Fruita water as well as the costs involved in carrying out the plan of augmentation and make reports at future meetings.

The Superintendent informed the Directors that the Colorado Department of Health had relaxed the testing requirements for the Clifton Water District since our lab test results over the years were as accurate as the results of the Department's tests.

The Palisade Irrigation District had sent the Clifton Water District a letter stating that they would be collecting an assessment of at least \$10.50 per year on two pieces of property the District owned in the Clifton area. The Superintendent told the Directors that one piece of property was virtually abandoned by the District and that, other than a concrete slab and a few valve boxes, there was nothing there and suggested selling it to the adjacent property owner. The Superintendent was instructed to ask the adjacent property owner to make an offer on the 32 Road pump station property.

The Special District Association of Colorado had increased the Clifton Water District's 1988 dues to \$1,200 from a cost of \$865 in 1988. He questioned the value. All the Directors said that the savings in insurance premiums more than offset the increased dues and instructed the Office Manager to have the dues listed in the December Accounts Payable.

There was a short discussion on the engagement letter presented to the District by Chadwick, Steinkirchner, Davis & Company, after which Director Garber moved to authorize Director Smith to sign the engagement letter. The motion was seconded by Director Ela and passed unanimously.

The Superintendent inquired of the Directors their feelings about his travel expenses to attend meetings in Denver for the American Water Works Association. He reported that he had two meetings a month, which were scheduled on the same day, which he normally used the Company pickup for transportation with costs of approximately only \$20 to the District and made the trip in one day. He missed the November meetings due to adverse weather conditions. The Directors supported the Superintendent's travel expenses and advised him that he was free to use his discretion in attending meetings and that he would be reimbursed for all travel expenses as long as the Superintendent thought his attendance at the meetings was worth the trip.

Director Ela moved to accept the employment of Ron Davis under the terms as outlined by Chief Operator Blount with instruction to the Superintendent to use the "employment at will" statement in the Personnel Manual for a probationary period of 90 days. The motion was seconded by Director Ballagh and passed unanimously. The Superintendent was also instructed to check with Attorney Bechtel to see if the Personnel Manual should not contain a probationary period.

The Superintendent advised the Directors that the annual shareholders meeting of the Grand Valley Irrigation Company was to be held at 1:00 p.m. on December 3, 1988, at the Fruita Monument High School. Director Garber moved to authorize the Superintendent to vote the District's 1,101 shares at his discretion at the meeting. The motion was seconded by Director Barrick and passed unanimously.

Director Garber requested two items be added to the agenda. As the last item under old business he wanted "call for other old business" and under new business he wanted "call for other new business". Director Garber also moved to have a Directors' meeting the first Wednesday after the conclusion of the annual SDA of Colorado conference with the expressed purpose that those who attended the meeting share and discuss what they learned with the other Directors so the whole District would benefit from the knowledge garnered by those who did attend. The motion was seconded by Director Ballagh and passed unanimously.

There being no other business, Director Smith adjourned the meeting at 11:10 p.m.

ATTEST:


Secretary









MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held December 21, 1988

Present were Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. The absence of Director Smith was an excused absence. Staff members present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Also present were members from the Ute Water Conservancy Board of Directors consisting of James Burkhalter, Harold Mogensen, Herman Porterfield, Robert Saunders, Jacque Stafford, Robert Gobbo, Terry Mariner, Lawrence Kareus, Dick Fletcher, Ken Matchett and General Manager, Lawrence Aubert. In addition, State Representative Tim Foster was in attendance.

Director Ela called the meeting to order at 7:00 p.m. in the Clifton Community Center. The location of the meeting had been moved to the Clifton Community Center due to the number of people in attendance and the lack of room at the Clifton Water Office. A person had been stationed at the water office to direct attenders to the new meeting site. Director Ela gave the floor to Bob Saunders, Chairman of the Ute Water Conservancy District Board of Directors for a report on Ute's price to furnish supplemental winter water to the Clifton Water District. Robert Saunders turned the meeting over to James Burkhalter as Mr. Burkhalter was the Chairman of the Policy and Rates Committee. Burkhalter informed the Directors that, with all things considered, the Ute Water Conservancy District would provide water to the Clifton Water District at the north tank at a rate of \$0.70 per thousand for the next 90 days as a test period with a more firm contract to be executed if water was still desired in October of 1989. There was an hour long discussion in which items such as "the benefit to Clifton to have Ute as an alternative source of supply" which was countered by the "City of Grand Junction having the same advantage without the levy of taxes on the older part of town". The Directors of the Clifton Water District told the Ute Board they would take their offer under advisement and asked Superintendent Schuster to do some number crunching and present the Directors with a report of his findings with the possibility that a special meeting would be called for a final decision. Representative Elect Dan Prinster entered the meeting at 8:00 p.m. with his apologies at not being able to get away from other commitments in a timely manner. The Ute Board and Representative Foster took their leave and the Clifton Directors spent 30 minutes advising Representative Elect Prinster of the concerns Clifton has with Ute.

At 8:30 p.m. Director Barrick moved to accept the minutes of the meeting of November 16th with the correction of three typos in the first paragraph on page 2. The motion was seconded by Director Ballagh and passed unanimously.

Director Ballagh moved to accept the Financial Report, pay the \$39,081.52 in Accounts Payable as listed in the Report in addition to a \$35,000 transfer of funds from Palisades National Bank to Mesa Federal Savings, a payment of \$166.26 to City Market, a payment of \$75.00 to the Postmaster for stamps, and the \$20.00 payment to Clifton Community Center for the rent on the Hall. The motion was seconded by Director Barrick. There followed a short discussion in which Director Garber inquired as to why the ratios on the profit & loss statement were not in the Report. Office Manager Kay said they would be on the next report. Also discussed was the availability of service charge as well as the damage to Clifton's pipeline by Union Power Company at 32 1/4 Road just north of the River. After the discussion, the motion passed unanimously.

Director Ballagh inquired as to why the Mesa County Planning Commission would not approve the Beattie One Subdivision due to lack of water for fire protection. Director Barrick said there was a lack of communication because there was sufficient water at the Gibson's shopping complex for fire protection. The Superintendent was instructed to contact the Mesa County Planning Department and advise them of the water available at that location.

Director Barrick moved to accept the 12-21-88 version of the "WATER USAGE FEE POLICY" with the exception that the minimum rate for all size meters be set at \$5.00 for 3,000 gallons per month plus \$1.20 per thousand for all water in excess of the minimum for single users, and that the minimum fee and minimum use for multiple users be as described in Paragraph 12.2.1. The motion was seconded by Director Ballagh. After some discussion the motion passed unanimously.

Director Ballagh moved to accept Ben Dowd Excavating's offer of \$300 for the abandoned pumphouse property just south of the railroad track on 32 Road since he was the only adjoining property owner who could make use of the land, with the understanding that the transfer of property would not cost the Clifton Water District a penny. The motion was seconded by Director Barrick and, after some discussion, passed unanimously.

In a discussion under "Other Old Business" Superintendent Schuster informed the Directors that the President of the Homeowners Association of Valle Vista had contacted him concerning the Rolling Hills sewage disposal facility. During the conversation Superintendent Schuster was informed that the Valle Vista Homeowners Association was paying Margaret Coleman in excess of \$200 per month for what they believed was a mortgage on the property. Superintendent Schuster advised the President of the Valle Vista Homeowners Association that the Clifton Water District had a title opinion on the property prior to accepting the deed of trust and were assured they were the only owner. The Superintendent also advised Valle Vista that the Water District held a lien on the equipment and fixtures for Rolling Hills Sanitation.

Director Garber inquired as to whether any more effort had been made to acquire, or to utilize, the Fruita water. Superintendent Schuster informed the Directors that he had intended to ask Ute if they would be receptive to an exchange of the Fruita water for Ute water under a rather complicated scheme which would allow the Fruita water to be put to beneficial domestic use. Superintendent Schuster told the Directors that he had talked to Don Newton, one of the property owners on Gerken Road who had made a complaint, and that Mr. Newton was satisfied that the County had repaired Gerken Road properly. The Superintendent was instructed to get with the City of Grand Junction to draw up a potential agreement for the City to deliver supplemental winter water to Clifton's treatment plant.

The Dominquez Reservoir Corporation, a nonprofit organization formed to further promote the Dominquez Dam, had requested Clifton to appoint a representative to be an ex officio director (nonvoting director) of the Corporation. Director Garber volunteered to be the ex officio member representing Clifton Water District. Director Ela was very concerned that Clifton may be obligated to purchase Dominquez Reservoir water, an obligation that could be open-ended and that may be considered a liability at some later date. Ela was very concerned that any hint of an obligation to purchase Dominquez Reservoir water be obliterated. After some discussion Director

Ballagh moved to appoint Director Garber as the ex officio member representing Clifton to the Dominquez Reservoir Corporation. The motion was seconded by Director Barrick and passed unanimously. Director Ela again expressed his concern about an open-ended obligation to the District and requested the Superintendent and the newly appointed ex officio director to study the records to see if there was any obligation on the part of Clifton.

Superintendent Schuster read aloud a resolution to accept United Bank of Greeley's resignation as escrow agent for general obligation refunding bonds and appoint United Bank of Denver as successor escrow agent. One of the conditions of the resolution was Exhibit B which required Clifton to reimburse United Bank of Denver for any extraordinary expenses which may be incurred during the acceptance of United Bank of Greeley's resignation and reappointment of United Bank of Denver as successor. The matter was deferred until the January meeting, or until there is a firm understanding between Clifton and United Bank of Denver that there would be no expense to Clifton Water District.

Director Ballagh requested that Paragraph 1.2.1 of the Personnel Manual be revised to reflect proper English and that Paragraph 1.2.3 be revised to reflect the action of the Directors at the meeting of August 6, 1986.

Superintendent Schuster reported a telephone call from Director Smith wherein she indicated that she and her husband were about to close on a property outside the District in which they plan on making their prime residence and that she would be resigning from the Board. Schuster advised Director Smith that even though she did not live within the District that she owned property within the District and would be eligible to maintain a position on the Board. Director Smith said that she would maintain her position on the Board until the Board could find a replacement but that she insisted upon resigning the Chairmanship of the Board once she became a nonresident. The Directors indicated that they would change her mind at the January meeting.

There was a difference of opinion in the interpretation of I.R.S. Code, Section 89 by the Superintendent and Director Ballagh. The Superintendent was instructed to get an accountant's interpretation of Section 89 of the I.R.S. Code and act accordingly. Director Garber inquired as to whether a recent article in The Daily Sentinel would allow for easier transfer of use of water from agriculture to domestic, transfer of water rights from one individual to another or transfer of water rights in general. The general consensus that the article in the paper referred only to water owned by the United States of America and not water owned by individuals or mutual ditch or reservoir companies.

There being no other business, Director Ela adjourned the meeting at 10:45 p.m.


Secretary

ATTEST:

