

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held January 15, 1997

The Board of Directors scheduled a ground-breaking ceremony for the nanofiltration plant at the Charles A. Strain Water Treatment facility for 3:30 p.m. on January 15, 1997. Notices were posted in accordance with C.R.S. 32-1-903(2) stating that the regular Board meeting would start immediately after the ground-breaking ceremony. The ground-breaking ceremony started promptly at 3:30 p.m. and at approximately 4:50 p.m. the Directors left the site of the ground-breaking ceremony for the water office to conduct the January meeting. The ground-breaking ceremony was attended by approximately 150 people. At 5:20 p.m. Chairman Ballagh called the meeting to order at the Water Office. Present were Chairman Ballagh, Treasurer Garber, Secretary Wheeler, and Director Lewis. Director Ela's absence was excused. Staff present were Ray Schuster, Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Rod Bonnell and Bob Black from Purdy Mesa Livestock Water Company and Attorney Rich Krohn.

OPEN BIDS: The time for accepting bids for Clifton Water District's general construction work was closed. The District had received three bids. These bids were from Stanley Construction of Grand Junction, Colorado; Ben Dowd Construction of Clifton, Colorado; and Bogue Construction, Inc. of Fruita, Colorado. After reading some of the bid prices aloud from each bid, Schuster recommended that the Board allow him to review the bids and make a recommendation for acceptance at the February meeting.

PURDY MESA LIVESTOCK WATER COMPANY: Mr. Bonnell asked the Directors if they had thought any more about the Clifton Water District selling treated water to Purdy Mesa Livestock Water Company. Director Garber moved to approve the concept of furnishing potable water to Purdy Mesa Livestock Water Company at a bulk meter. Director Wheeler seconded the motion. After a discussion that lasted approximately 40 minutes, the motion passed.

CELLULAR ANTENNA LEASE: Schuster asked the Directors to discuss item E2 on the agenda since Attorney Krohn was present and would be able to explain the lease that had been drawn up between AirTouch Cellular and the Clifton Water District for placement of cellular antennas on the District's North Tank. Director Lewis moved to enter into executive session for the discussion with Attorney Krohn. Director Garber seconded the motion and it passed unanimously. After a 25 minute discussion, Director Garber moved to emerge from the executive session. Director Lewis seconded the motion and it passed unanimously. Director Lewis moved to execute the lease agreement with AirTouch Cellular providing Attorney Krohn adds the language that the District is not obligated to keep the tank in the same place to accommodate the use of the antenna as suggested by Director Wheeler. Director Wheeler seconded the motion and it passed unanimously.

MINUTES OF DECEMBER 18, 1996: Director Garber moved to accept the minutes of the December 18, 1996, meeting. Director Lewis seconded the motion. The motion to accept the minutes with some typographical corrections passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Lewis moved to approve the financial report paying the \$57,298.19 as shown on the report, \$55,654.12 as itemized on the supplemental report, a transfer of funds of \$126,900.00 and \$7,693.00 from the ColoTrust account to pay for invoices related to the nanofiltration plant and new office. Director Garber seconded the motion. After some discussion the motion passed unanimously.

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PROJECT 96-01 - WHITEWATER LINE: Schuster stated that the 8" line from the top of Whitewater Hill to Whitewater proper was completed and put into service on January 15, 1997. The Colorado Department of Transportation had sent a note to the District stating that the work, clean-up, and restoration of the highway right-of-way by Beaver's Construction was good. Schuster stated that the one year warranty on the line would start on January 15, 1997.

PROJECT 96-02: Schuster told the Directors that there were several items not included in the bid that the District would need for the operation of the nanofiltration plant. These items included a forklift, a computer, the power line relocation, paving, and chemicals. Schuster stated that there was money in the construction budget for the above items.

REVISED STATEMENT OF PURPOSE: Schuster informed the Directors that the County has still not responded with their version of the revised Statement of Purpose.

WATER CASE #87CW376 - DENVER'S REQUEST TO REFILL DILLON RESERVOIR: Schuster told the Directors that the District, as well as some other water entities, had agreed on a stipulation to Case #87CW376. Schuster went on to state that regardless of the court case being held in Glenwood Springs at this time, that the District would either benefit from the results of the stipulation or the court ruling, whichever was more favorable. Schuster stated the reason Attorney Ogle was not present at the meeting to discuss the Check Case resolution was that he was in Glenwood Springs attending the hearing for 87CW376. Attorney Ogle will be present at the February Board meeting to discuss this case and other water matters with the Directors.

WATER CASE #88CW449 AND #95CW272 - AURORA/COLORADO SPRINGS: Schuster stated Attorney Ogle didn't expect any movement on this case for quite some time, however, he recommended to the Board that the District continue to oppose the case. The Board agreed. Attorney Ogle will discuss this case with the Directors at the February meeting.

WATER CASE #95CW281 - ENLARGEMENT OF WOLFORD MOUNTAIN RESERVOIR: Schuster stated that Attorney Ogle said that negotiations for a stipulated settlement between the opposers and the River District are being brought to a conclusion. Schuster said rather than make a report at this time on the contents of the stipulation, that he would wait until it was finalized for presentation to the Board for their review. Attorney Ogle will discuss this case with the Directors at the February Meeting.

STATUS OF VACANT PROPERTY ACROSS STREET: Schuster stated that he had written a letter to Mesa County in regard to exchanging the vacant land across from the Water Office for the land where the West Tank is situated. Schuster stated that Sue Gormley had contacted him to see if the District would also want a small parcel of land on the south side of I-70 that is part of the overall parcel of land owned by the County. Schuster said he told Ms. Gormley yes and has heard nothing from her since then.

DISTRICT'S ORCHARD MESA PROPERTY: The Directors have not made a decision of the disposition of this property at this time.

REVIEW SUMMARY ON CHECK CASE: Schuster stated that Attorney Ogle would be present at the February meeting to discuss the Check Case and Water Cases 87CW376, 88CW449, 95CW272, and 95CW281.

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COST OF WATER TAPS FOR TRAILER PARKS: Schuster told the Directors that for the taps in Midlands Village the District had received \$29,025. Schuster said that for the same set-up, the City would charge the customer \$10,400 for a 2" tap and the fire line would be free, and Ute Water would charge \$249,500. Director Wheeler suggested that the District continue to monitor these rates.

PURDY MESA CONTRACT: Director Ballagh gave a list of items to Schuster that he and Director Lewis had thought of that would need to be included if a contract between the District and Purdy Mesa Livestock Water Company were to be written.

DESIGNATE PUBLIC PLACE FOR MEETINGS AND PLACES WITHIN THE DISTRICT BOUNDARIES FOR POSTING NOTICES OF PUBLIC MEETINGS: Director Lewis moved to change the meeting time from 7:30 p.m. to 6:00 p.m. with meetings remaining on the third Wednesday of each month at the Water Office at 137 Third Street. Director Lewis further moved that notices be posted in the Clifton Water District Office, Clifton Fire Station, Clifton Sanitation District #2, and the local Mesa County Clerk and Recorder's Office. Director Garber seconded the motion and it passed unanimously.

NEW WATER DISTRICT OFFICE: Schuster asked the Directors for their input on the drawing of the new office. After a lengthy discussion Schuster stated that he would ask Jay Lund from Chamberlain Architects to be present at the February meeting for discussion.

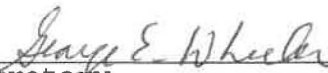
1997 GOALS AND FUTURE PROJECTS: Schuster reiterated his memorandum of December 13, 1997, to the Directors wherein he gave information on what he thought the District needed to plan for in 1997 and years ahead. No action was taken.

Director Lewis moved to enter into executive session for the annual review of the Manager since they had not given one in September. Director Garber seconded the motion and it passed unanimously.

Everyone except the Directors and Manager Schuster left the meeting at 9:00 p.m.

At 10:40 p.m. Director Garber made a motion to emerge from the executive session. The motion was seconded by Director Lewis and passed unanimously. Director Garber then made a motion to adjourn the meeting. Said motion was seconded by Director Lewis and passed unanimously. The meeting adjourned at 10:40 p.m.

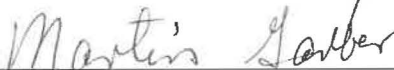
ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held February 19, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Ray Schuster, Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Rod Bonnell and Bob Black from Purdy Mesa Livestock Water Company; Darrell Dennison, Tony Fitzgerald, Steve Stephenson, and Steve Franchini from Southwest Contracting, Inc.; and Attorney Flint Ogle.

Director Ballagh noted that in accordance with C.R.S. 32-1-903(2), notices had been posted stating that the regular Board meeting of the Board of Directors of the Clifton Water District would be at 6:00 p.m. on the third Wednesday of each month at the Water Office.

PURDY MESA LIVESTOCK WATER COMPANY: Mr. Bonnell reiterated a letter he had sent to Schuster requesting the District serve Purdy Mesa Livestock Water Company (PMLWC) water at in-district rates plus 10% rather than the full out-of-district rate. Mr. Bonnell explained that if the District would be willing to serve PMLWC at this rate it would enable them to pay off some of their debt and also lower water rates for their customers. Director Lewis questioned whether or not 10% covered the cost of delivering water to that area. Because of the number of guests at the meeting, Chairman Ballagh told Mr. Bonnell and Mr. Black that the Directors would discuss this topic in more detail later in the meeting when it came up on the agenda. Mr. Bonnell and Mr. Black left the meeting at 6:35 p.m.

SOUTHWEST CONTRACTING, INC.: Mr. Steve Stephenson and Mr. Steve Franchini from Southwest Contracting, Inc., expressed the desire to negotiate the construction of the new office building for the Water District. Mr. Franchini explained that since Southwest already had their equipment and employees working at the plant, that it would be much less expensive for the District to issue a change order to the construction of the nanofiltration plant that included the construction of the office building rather than go through the expense of the bidding procedure. Schuster stated that he had spoke with Attorney Bechtel concerning negotiating a change order to construct the office building. Attorney Bechtel stated that according to State Statutes, the District should bid any project that had an estimated cost over \$25,000. Southwest Contracting representatives left the meeting at 7:00 p.m.

ATTORNEY FLINT OGLE: Attorney Ogle stated that since there were several water cases of interest to the District that he would discuss each one of them separately. 87CW376 - Denver's Request to Refill Dillon Reservoir: Attorney Ogle said that the District and several objectors had entered into a stipulation with Denver Water on this case but that the City of Grand Junction took it to water court. The City did not prevail in water court and the judge awarded Denver the decree in accordance with the stipulation entered into by the District and several other objectors. 88CW449 and 95CW272 - City's of Aurora and Colorado Springs Expansion of the Homestake Project: The District is not listed as an opposer in 88CW449, however the District is an opposer in the 95CW272 case. Attorney Ogle explained that the cities of Colorado Springs and Aurora have proposed to inject water into an aquifer at Camp Hale for storage. During times of need the water would then be pumped from the aquifer for use by the cities. Attorney Ogle said he would expect the 95CW272 case to continue for the next several years. There is a status hearing scheduled for May in this case in which Attorney Ogle doesn't expect much to happen. 95CW296 and 95CW297 - Colorado Water Conservation Board's Request for In-Stream Flow: These are in-stream flow cases to maintain a minimum flow in the Colorado River in the 15 Mile Reach. These cases were generated by the Colorado Water Conservation Board. It appears that

the Colorado Water Conservation Board will not actively pursue these cases until the Fish and Wildlife Service has stated their position on in-stream flows. The Colorado River Water Conservation District has taken a lead role in the case by setting up a meeting for Western Slope objectors to meet and discuss this topic. This meeting will probably be scheduled to take place in Glenwood Springs on Term Day, April 1, 1997. However, a definite time and date has not been set for the meeting.

95CW281 - Enlargement of Wolford Mountain Reservoir: When Wolford Mountain Reservoir was constructed, it was constructed to hold a capacity of 66,000 acre feet of water. However, the storage decree is only for 60,000 acre feet of water. 95CW281 is asking the courts to allow the additional storage of 6,000 acre feet. The District as well as others are objecting to the additional 6,000 acre feet of storage capacity until they are assured that the Colorado River Water Conservation District will limit the amount of this additional storage that can be sold-out-of-basin. Attorney Ogle stated that unlike the Dillon Refill case, the River District is not willing to settle with any of the opposers until they can settle with all of them at one time. Attorney Ogle will keep the District posted as this case proceeds.

91CW247 - Orchard Mesa Irrigation Company's Check Case: Attorney Ogle stated that this case was completed. The District was not a party to this case. Basically, the water courts ruled that Orchard Mesa Irrigation District would operate the check at times when it was estimated that 66,000 acre feet of water would be released from Green Mountain Reservoir prior to the end of the irrigation season. The Bureau of Reclamation has committed to release all 66,000 acre feet of Green Mountain Reservoir each year as a result of the judge's ruling in this case.

LIABILITY AS SHAREHOLDERS IN GVICO: Item 3 under Unfinished Business on the Agenda had to do with the District's liability as a shareholder in GVICO. Since Attorney Ogle was present to respond to questions the Directors may have on the subject, this item was moved up to be next on the agenda. Director Wheeler moved to enter into executive session for this discussion. Director Ela seconded the motion and it passed unanimously. After a brief discussion Director Garber moved to emerge from the executive session. Director Lewis seconded the motion and it passed unanimously. Director Ela moved to have Schuster make a formal request to Grand Valley Irrigation Company that they provide the District with a Certificate of Liability Insurance each year. Director Lewis seconded this motion and it passed unanimously. Attorney Ogle left the meeting at 7:40 p.m.

MINUTES OF JANUARY 15, 1997: Director Lewis moved to accept the minutes of the January 15, 1997, meeting. Director Garber seconded the motion. The motion to accept the minutes as presented passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Ela moved to approve the financial report paying the \$52,482.66 as shown on the report, \$4,430.49 as itemized on the supplemental report, a transfer of funds of \$2,100.00 and \$123,756.17 from the ColoTrust account to pay for invoices related to the nanofiltration plant and new office. Director Lewis seconded the motion. After some discussion the motion passed unanimously.

PROJECT 96-02 - NANOFILTRATION PROJECT: Schuster stated that the work at the treatment plant was going well and that Southwest Contracting, Inc. were going "great guns." Public Service Company of Colorado came on the job site to relocate electrical lines and all work is progressing well.

REVISED STATEMENT OF PURPOSE: Schuster informed the Directors that the County has still not responded with their version of the revised Statement of Purpose. Schuster recommended that this item be removed from

the agenda since Eagle View Estates Subdivision (by Indian Creek Estates) had been approved by the Mesa County Commissioners using Clifton Water District water. Attorney DeChant had been present during all the Commissioner's discussions of Eagle View Estates Subdivision and at no time did he express an adverse opinion on the District's legal or physical ability to provide water south of Kannah Creek.

STATUS OF VACANT PROPERTY ACROSS STREET: Schuster stated that he had not been in contact with Ms. Gormley and hadn't heard anything from her about the County's interest or lack thereof to trade the property where the West tank presently sits for the property across from the current Water Office on Third Street.

DISTRICT'S ORCHARD MESA PROPERTY: The Directors have not made a decision of the disposition of this property at this time.

DIVISION OF WORKERS' COMPENSATION PREMIUM COST CONTAINMENT PROGRAM CERTIFICATE: Schuster stated that the District had received another 5% reduction in their workers' compensation insurance rates and had received a Premium Cost Containment Certificate renewal. Director Lewis moved to enter into executive session for personnel issues to be discussed. Director Wheeler seconded the motion and it passed unanimously. After a brief discussion Director Lewis moved to emerge from the executive session and Director Garber seconded the motion. It passed unanimously.

PROPOSED OFFICE CONSTRUCTION SCHEDULE: Schuster stated that Chamberlin Architects would be presenting a 95% submittal on the 21st of February with the project scheduled to be bid on March 27, 1997. Director Wheeler questioned if the Board had ever authorized the construction of a new office. Director Ela stated that it was his feeling that it was approved by implication. Director Ballagh questioned the time interval between the opening of bids and issuing a Notice to Proceed. He stated that there was not sufficient time for the Directors to analyze the bids and make an award without holding a special meeting in the time frame allowed on the architects schedule. At Schuster's suggestion, Director Garber moved to put a hold on the design, bidding, and awarding of the contract for one month to enable the Directors time to meet with the architect and discuss this project further. Director Ela seconded the motion and it passed unanimously.

CONSTRUCTION REVENUES VERSUS CONSTRUCTION COSTS: Schuster explained that the numbers on the back of the agenda for the cost of construction versus the construction revenues were good numbers. However, these numbers would not coincide with the figures in the financial report because he used the cost of construction and material when it took place, not when the District received the supplies.

CELLULAR ANTENNA LEASE: Schuster stated that the District did not have a copy of the signed lease for the cellular antennas to be placed on the north tank. However, the lease had been signed by Chairman Ballagh and Secretary Wheeler and was in route to U.S. West New Vector Group, Inc. in Bellevue, Washington for their signatures. Schuster stated that the District would receive a signed copy as soon as the lease was signed.

AWARD GENERAL CONSTRUCTION WORK BID: Schuster stated that he had gone over the bids from the January Board meeting for the District's general construction. Ben Dowd Excavating, Inc. was not only the overall low bidder, but was also low on the equipment used on a consistent basis by the District. Director Lewis moved that the District award the 1997 General Construction Bid to Ben Dowd Excavating, Inc. Director Ela seconded the motion and it passed unanimously.

CONSIDER PURCHASE OF FORK LIFT: Schuster reiterated the memorandum that he had sent to the Board on January 31, 1997, stating that there were two used fork lifts at Webb Crane that would suit the District's needs -- a 1986 TCM, diesel, with a 6,000 pound capacity for \$14,400 and a 1992 Komatsu, LP Gas, with a 5,000 pound capacity for \$11,900. After some discussion Director Garber moved to authorize Schuster to purchase one of the fork lifts. Director Lewis seconded the motion and it passed unanimously.

PURDY MESA LIVESTOCK WATER COMPANY: The Directors picked-up the discussion where they had left off earlier in the meeting. Deliberation took place ranging from the amount of money PMLWC had in outstanding loans to requiring them to become a public entity if they wanted the District to take them over at the end of the five-year period. After much discussion Director Ela moved to submit a written counter proposal to PMLWC requiring out-of-District rates, becoming a public agency within the five year limit, and other items stated in a letter Schuster had prepared for Director Ballagh to sign. Director Lewis seconded the motion and it passed unanimously.

APPROVE CHANGES TO PERSONNEL MANUAL: Schuster stated that the corrections to the personnel manual had either been written or approved by Michael Santo from Dufford, Waldeck, Milburn, & Krohn, Attorneys at Law. Director Lewis moved to accept the proposed changes to the District's Personnel Manual. Director Garber seconded the motion and it passed unanimously.

OTHER NEW BUSINESS: Director Wheeler stated that he believed it should be written into the contract with places like Midlands Village that if they should ever sell their lots separately that each lot will have to pay a Plant Investment Fee. Director Garber pointed out that the information was already in one of the District's policies to cover this item.

AVAILABILITY OF SERVICE CHARGE: Schuster informed the Directors that in 1986 when the District had last assessed an availability of service charge on taps to pay off the District's indebtedness there were approximately 700 vacant units to which the service charge was assessed. However, at this time there would only be approximately 70 vacant units and Schuster recommended that if an availability of service charge were to be assessed that it encompass not only the vacant units but new units in which a Plant Investment Fee had been paid but that no customer was in place. After some discussion Director Garber moved to start the procedures to assess the availability of service charge to all taps that are in the ground and not being used. The motion was seconded by Director Lewis and passed with Director Ballagh voting against it. It was the consensus of the Directors to hold the public meeting at the beginning of April. Schuster will start this process.

RATIFY PURCHASE OF 30 SHARE OF GVICO: Schuster requested that the Directors ratify the purchase of 30 shares of GVICO stock at \$200.00 each. Director Garber moved to approve the purchase of 30 shares of GVICO stock at a total cost of \$6,000. Director Ela seconded the motion and it passed unanimously.

OFFICE CONSTRUCTION: Discussions took place amongst the Board members about whether they were all in agreement about building a new office building and that the location was to be at the current plant site. After a lengthy discussion the Directors requested that Schuster post notice of a special meeting for March 5, 1997, and to have the architect in attendance. At this special meeting the design, construction costs,

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location of the office, and other items related to the proposed new office would be discussed.

OTHER NEW BUSINESS - RESOLUTION: Director Ela moved to adopt the following resolution.

WHEREAS Ruth Hutchins had displayed a tireless effort in maintaining water quality and water quantity for water users in the Grand Valley; and

WHEREAS Ruth Hutchins' efforts did not go unrecognized not only in the Grand Valley but in the State of Colorado; and

WHEREAS Ruth Hutchins' ideals and principals have been incorporated into various water court decisions and stipulations.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Clifton Water District express their respect and appreciation for Ruth Hutchins' volunteer efforts on behalf of all Grand Valley Water Users.

BE IT FURTHER RESOLVED that this resolution be sent to the family of Ruth Hutchins as an expression of appreciation for her community spirit in water related matters.

The motion was seconded by Director Lewis and passed unanimously.

Director Lewis moved to enter into executive session at 10:30 p.m. Director Garber seconded the motion and it passed unanimously. After a 15 minute discussion in regard to personnel issues, Director Garber moved to emerge from the executive session. Director Wheeler seconded the motion and it passed unanimously.

Director Lewis moved to adjourn the meeting. Director Garber seconded the motion and it passed unanimously.

The meeting adjourned at 10:45 p.m.

ATTEST:

George E. Wheeler
Secretary

Wm. M. Ela

[Signature]

John L. Ballagh

Martin Garber

**MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE CLIFTON WATER DISTRICT**

Held March 5, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Ray Schuster, Dale Tooker, and Cindy Day-Biondich. Guests present were Jay Lund, Ed Chamberlin, from Chamberlin Architects, and Randy Rexwinkle from Grand Valley Consulting Engineers.

Director Ballagh noted that in accordance with C.R.S. 32-1-903(2), notices had been posted stating that the Board would hold a special meeting at 5:15 p.m. on March 5, 1997.

Director Ballagh called the meeting to order at 5:17 p.m.

OFFICE CONSTRUCTION: Director Wheeler exclaimed that he was extremely irritated that the Board of Directors had not been consulted about the construction of the office prior to this time. Director Wheeler continued by stating that both Chamberlin Architects and the staff of the Water District had been in the wrong by not consulting the Board about the needs of the office for size, materials, or type of building. Schuster countered by saying that the office had been talked about at every Board meeting for the last two years, just like the nanofiltration plant had been talked about. The equipment and construction of the nanofiltration plant had gone to bid without any input from the Board and he assumed that the Board wanted the construction of the office to proceed in the same manner. Schuster said that he did not think the architect and the staff should take all the blame. After a short time Director Ela stated that the architects should just start from square one and present the drawings at this meeting as preliminary and not final. Director Lewis stated that he believed whatever type of building the Directors decided to have built would set an example for further building in that area and he didn't want any "ugly, bunker-type" buildings constructed by the District. The architects left the meeting at 7:00 p.m. The Directors continued their discussion until 7:40 when Director Lewis moved to put this item on the agenda for the March 19, 1997, meeting and have staff present the Board's concerns to Chamberlin Architects to be addressed at that time. Director Garber seconded the motion and it passed unanimously.

REVIEW AND APPROVE NOTICE FOR PUBLIC MEETING: Director Ela moved to proceed with the notice for the public meeting as drafted. Director Lewis seconded the motion. After a 10 minute discussion wherein several changes were talked about the motion to proceed with the notice with revisions passed unanimously.

PURDY MESA LIVESTOCK WATER COMPANY: Director Garber moved to ratify the letter to PMLWC rewritten by Schuster after input from each of the Directors. Director Lewis seconded the motion and it passed unanimously.

DEED IN LIEU OF FORECLOSURE: Schuster explained to the Board of Directors that the property on Orchard Mesa that the District had accepted a deed in lieu of foreclosure in the amount of \$67,788.00 had a real value of a lot less than that. Director Garber stated that he had spoken with Mike Nelson from Chadwick, Steinkirchner, Davis and Company, and that Mike had asked that the Directors establish a value for the property for the audit. Director Garber moved to set a value on this property of \$500 per acre. Director Ela stated that it shouldn't have a value of less than \$2,000 if it has any residential potential. The motion died for lack of a second. After more discussion, Director Garber moved to place two separate values on the property with the 6.43 acres valued at \$2,000 per acre and the 3.38 acres values at \$500 per acre. This motion died for lack of a second. Director Ela moved to place a

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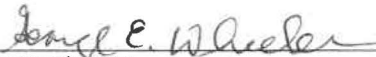
value of \$5,000 per acre on the 6.43 acres and a value of \$500 per acre on the 3.38 acre parcel because it has no access. Director Lewis seconded the motion and it passed unanimously.

STATUS OF VACANT PROPERTY ACROSS STREET: Schuster stated that Sue Gormley from Mesa County had contacted him to let him know that she was going to recommend to the County Commissioners that the County sell the District the NE 1/4 of the NE 1/4 of Section 3 T 1 S, R 1 E of the Ute Meridian except that land owned by the Colorado Department of Transportation for Interstate 70 for a price of \$1.00. In addition, Sue stated that the County was not interested in trading for the property across the street from the current office. Director Lewis moved to authorize the Manager to negotiate with the County for the purchase of said parcel according to the terms above. Director Wheeler seconded the motion and it passed unanimously.

OTHER BUSINESS: Schuster told the Directors that the lease with AirTouch Cellular had been revised by their attorneys and had sent it back to Attorney Krohn. Schuster stated that Attorney Krohn had a problem with some of the language but most of the language was acceptable and that the Directors would receive a copy of the final draft when it was available.


The meeting adjourned at 8:40 p.m.

ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held March 19, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Ray Schuster, Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Jay Lund and Ed Chamberlin from Chamberlin Architects, and Rod Bonnell and Bob Black from Purdy Mesa Livestock Water Company.

CHAMBERLIN ARCHITECTS: Schuster had distributed preliminary drawings that staff had received from Chamberlin Architects to each of the Board members for their review. Mr. Lund explained that he and Mr. Chamberlin had met with each of the office employees to decide what their spatial needs would be before the designing began. At 6:37 p.m. the Directors indicated that they had no more questions for the architects and Mr. Lund and Mr. Chamberlin exited the meeting.

PURDY MESA LIVESTOCK WATER COMPANY (PMLWC): Mr. Black presented a two-page letter to the Directors countering the letter sent to PMLWC from the District with the District's requirements before the District would consider serving potable water to the Purdy Mesa area. Previous discussions had limited PMLWC to 30 gallons of water per minute. However, PMLWC requested 60 gallons of water per minute to enable their pumps to operate more efficiently. Director Lewis was adamant that the District limit the service area of the PMLWC. After approximately one-and-a-half hours of discussion, it was the consensus of all that Schuster would try to produce a document that would combine and cover the majority of the concerns from both parties. Schuster will distribute a draft to the Directors and PMLWC for review.

MINUTES OF FEBRUARY 19, 1997, AND MARCH 5, 1997: Director Lewis moved to accept the minutes of the February 19, 1997, meeting. Director Garber seconded the motion. The motion to accept the minutes from February 19, 1997, as presented passed unanimously. Director Lewis moved to accept the minutes of the March 5, 1997, meeting. Director Garber seconded the motion. The motion to accept the minutes from March 5, 1997, as presented passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Lewis moved to approve the financial report paying the \$53,855.62 as shown on the report, \$30,380.80 as itemized on the supplemental report, a transfer of funds of \$2,100.00 and \$159,896.86 from the ColoTrust account to pay for invoices related to the nanofiltration plant and new office. Director Ela seconded the motion. After some discussion the motion passed unanimously.

PROJECT 96-02 - NANOFILTRATION PROJECT: Schuster stated that the work at the treatment plant was going well. Schuster continued by stating that through all the construction to-date, Southwest Contracting, Inc. had not needed to shut down the operations of the water treatment facility.

STATUS OF VACANT PROPERTY ACROSS STREET: Schuster stated that he had received a letter from Mesa County stating that once all departments had been contacted about possible uses for the County's property where the District's West tank presently sits and none had a use for it, the process of the County giving the property to the District would begin. The County is not interested in the property across from the current Water Office on Third Street.

DISTRICT'S ORCHARD MESA PROPERTY: Schuster was contacted by one of the Valle Vista Homeowners about the District's possible interest in purchasing the "open space" of the Valle Vista Subdivision. Schuster told the individual that the District was not interested in purchasing,

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and that the District would like to sell the property currently owned by the District. The individual seemed somewhat interested in purchasing some of that property. Schuster told the individual to make an offer to the District about purchasing said property. Schuster has not heard any more from this individual to date.

STATUS OF OFFICE BUILDING DESIGN/CONSTRUCTION: Schuster stated that the Directors needed to give some direction to Chamberlin Architects for proceeding. After some discussion wherein it was discussed that the District could seek to have a design/build process rather than put a design out to bid, Director Lewis moved to put Chamberlin Architects on hold and have them stop all work until advised differently. Director Wheeler seconded the motion and it passed unanimously. It was suggested that staff meet with each of the Directors for their input for the office needs. These meetings will take place before the next regular Board meeting on April 16, 1997.

CELLULAR ANTENNA LEASE: Schuster stated that there was nothing new to report on the cellular antenna lease.

95CW281 - WOLFORD MOUNTAIN ENLARGEMENT: Schuster stated that the Colorado River Water Conservation District had agreed that the additional 6,000 acre feet of water to be stored in Wolford Mountain Reservoir would not be sold to any entity not in the Colorado River Basin. Schuster stated that he had spoken with Greg Trainor from the City of Grand Junction and that Trainor thought it sounded good, but said that the City would not sign off until he had completed reading the documentation. Schuster will keep the Directors apprised of this situation.

PUBLIC MEETING FOR AVAILABILITY OF SERVICE CHARGE: Schuster stated that the letters had been mailed to the District's tax-paying electors stating that the District would hold a public meeting on April 2, 1997, at the Clifton Community Center to discuss the availability of service or facilities charge. Director Ela stated that the meeting should be called to order stating that the Board of Directors of the Clifton Water District, acting by and through its Water Enterprise Activity, is holding this public meeting and to have the minutes reflect that statement.

FLOOD CONTROL: Schuster stated that if the weather continued being warm during the days and freezing at night that there shouldn't be any flood problems for the District down at the plant site. Schuster stated that ClayCo Construction had submitted a price of \$15,000 to construct a dike which he did not think was necessary at this time.

REVIEW WATER RATES FOR LARGE MULTIPLE USERS: Schuster stated that it was his feeling that it would ease the billing process and also the metering process if multiple users were billed a flat rate per thousand gallons rather than being billed the minimum of \$7.00 per unit plus the overage. This idea originated because of the new mobile parks that are in the process of filling-up that are being billed the minimum for a number of units and District personnel have the responsibility of counting the units to be billed each month until the area is full. After some discussion it was decided that the District would continue with the current procedure.

OUT-OF-DISTRICT TAP FOR ROLAND BRAND: Schuster stated that Mr. Brand was interested in purchasing some property on Bean Ranch Road and wanted water service from the District. Schuster explained that because of Mr. Brand's property being 9/10 of a mile past the end of the District's line and also the condition of the ground that would have to be traversed by

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pipeline that he had estimated that it would cost Mr. Brand over \$30,000 for the District to serve him potable water. Schuster has not heard from Mr. Brand since sending him a letter stating the estimated costs.

CONSTRUCTION POLICY REVISION: Schuster stated that he had been confronted by some developers about the District's policy of 100% payment of Plant Investment Fees before the developer can be put on the priority list for construction. Because of these complaints, Schuster had re-written a portion of the Construction Policy to allow developers to pay 25% of the total cost of the Plant Investment Fees to get their name on the priority list, prior to any construction, the balance (75%) must be paid in one of the following ways: 25% of the total must be paid in cash, the other 50% of the total may be paid in cash prior to the time of construction or payment deferred for 90 days upon the receipt by the District of an acceptable, irrevocable, stand-by letter of credit for the benefit of the District. Schuster will work on the language again for presentation at the next Board meeting.

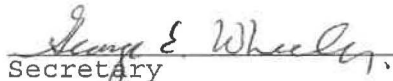
MESA COUNTY PARTNERS: Schuster stated that Mr. Richard Harvey had asked that the District put a small article in the Newsletter about the Partners Program and asking for volunteers. After some discussion it was the consensus of the Directors that outside articles not be placed in the District's newsletter.

OTHER NEW BUSINESS: Director Ela commended Schuster on his speaking engagement to the League of Women Voters.

At 10:23 p.m. Director Lewis moved to enter into executive session. Director Wheeler seconded the motion and it passed unanimously.

At 12:05 the Board exited from the executive session and adjourned the meeting.

ATTEST:


Secretary









**MINUTES OF THE PUBLIC MEETING OF
THE BOARD OF DIRECTORS OF THE CLIFTON WATER DISTRICT**

Held April 2, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Ray Schuster, Dale Tooker, and Cindy Day-Biondich. Guests present were Doris Blake, Commissioner Doralyn Genova, Lois Beeson, Fred Powell, Tom Grandbouche, Marge Allex, Oleta Dale, Ed Hokanson, Larry Slater, Vere Williams, Arlene Griffin, Loyd Williams, Ed and Judy VanderWande, Commissioner Jim Baughman, Karen Lyda, Bob Kettle, and Stan Seligman.

Director Ballagh stated that as Chairman of the Board of Directors of the Clifton Water District, acting by and through its Water Activity Enterprise, he was calling the public meeting to order at 7:00 p.m. Director Ballagh further stated that notices for this meeting were mailed to all taxpaying electors of the District as determined from the Mesa County Court House records in accordance with C.R.S. 32-1-1006(h)(I).

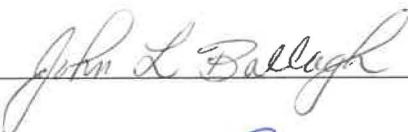
After Director Ballagh introduced the other Directors and the staff to the guests, Ballagh yielded the floor to Schuster for an explanation of the availability of service charge. Schuster explained to those present exactly what the availability of service charge was, who it would effect, the effect on active taps, and the effect on inactive taps. Schuster then opened the floor up for public input.

Some of the concerns expressed were: 1) would someone having money in escrow for taps with no taps in the ground pay the availability of service charge to which Schuster stated "no"; 2) owning two lots each with its own tap and only using one of the two taps to which Schuster stated that the charge would be assessed to the tap that was not being used unless the customer abandoned the tap. However, Schuster stated that if the tap were abandoned and ever were to be reactivated that the District would collect the Plant Investment Fee in effect at the time; 3) that the \$7.00 per month was an excessive charge to which Schuster stated that the Directors had not acted on the amount of the Availability of Service Charge and that was why they were having a public hearing; 4) the unfairness of someone not currently using a tap and still having to pay the assessment for its availability; and 5) the idea that the District would be discouraging growth in the area by assessing this fee. Stan Seligman made a passionate plea that the Board reconsider this fee because it would cause more of a financial hardship for individuals trying to buy houses from builders because of the additional fees that the builders would have to pay for the inactive tap prior to the building and sale of the house which would be passed on to the buyer. There was a lengthy discussion wherein several ideas were discussed about alternatives to the availability of service charge.

At 8:22 p.m. Director Ballagh thanked the guests for their attendance, invited them to attend the regular Board Meetings held on the third Wednesday of each month at the Water District Office at 6:00 p.m., and adjourned the meeting.

ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held April 16, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Ray Schuster, Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Mary Brenes and Mike Nelson from Chadwick, Steinkirchner, Davis & Co.; and Rod Bonnell and Bob Black from Purdy Mesa Livestock Water Company.

CHADWICK, STEINKIRCHNER, DAVIS & CO.: Mike Nelson and Mary Brenes from Chadwick, Steinkirchner, Davis & Company, presented the District's 1996 audit. Through a series of charts and graphs projected on a screen, Mike and Mary touched on the highlights of the 1996 financial picture of the District. They completed the 25-minute presentation by stating that the District was in a sound financial position.

Schuster stated that the Purdy Mesa Livestock Water Company representatives would be at the meeting at 6:30 p.m.

MINUTES OF MARCH 19, 1997, AND APRIL 2, 1997: Director Garber moved to accept the minutes of the March 19, 1997, meeting. Director Lewis seconded the motion. The motion to accept the minutes from March 19, 1997, as presented passed unanimously. Director Garber moved to accept the minutes of the April 2, 1997, meeting. Director Wheeler seconded the motion. The motion to accept the minutes from April 2, 1997, as presented passed unanimously.

PURDY MESA LIVESTOCK WATER COMPANY (PMLWC): Schuster gave copies of an Agreement between the District and PMLWC prepared by Attorney Bechtel for the Directors to study. Since the Agreement had just been given out the Director's took time to peruse the document before discussing it. Mr. Bonnell stated that his major concern was that if PMLWC was only permitted to take up to 30,000 gallons between the hours of 11:00 p.m. and 6:00 a.m. there would not be enough water to service their customers if PMLWC sold up to 100 taps. Schuster stated that the ideal solution would be to place a storage tank at the top of Indian Creek Estates to allow PMLWC to take water during the day time hours, also. Schuster continued by stating that PMLWC would like to see the Agreement written for a period of seven (7) years rather than the original five (5) years to give them some extra time to recoup their expenses. After a lengthy discussion, Director Lewis moved in accordance with prior Board policy to turn this item over to staff to present an Agreement to the Board. Director Wheeler seconded this motion. Director Ela stated that it was his feeling that the present Agreement was basically what staff was comfortable with and that the Agreement should be given to PMLWC for them to prepare a counter proposal. Director Lewis' motion was defeated unanimously. Director Ela questioned the authority of PMLWC to sign an agreement that placed a perpetual lien against the property of their water users. Director Ela moved that, with the exception of paragraph 6 in the current Agreement discussing a perpetual lien, this Agreement be presented to PMLWC as an offer that the Board, Staff, and Attorney Bechtel feel comfortable with and allow PMLWC to present written changes to the Directors at the next meeting. Director Garber seconded the motion. Director Lewis moved to amend the motion to just delete any reference to PMLWC's user's property in paragraph 6 of the current Agreement but to leave the perpetual lien wording for property owned by PMLWC. Director Wheeler seconded the motion. The amendment to the motion passed unanimously. The amended motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Wheeler moved to approve the financial report paying the \$71,231.68 as shown on the report, \$14,334.48 as itemized on the supplemental report, a transfer of funds of \$2,400.00 and \$1,695,927.13 from the ColoTrust account to pay for invoices related to the nanofiltration plant and new office. Director Lewis seconded the motion. After some discussion the motion passed unanimously.

PROJECT 96-02 - NANOFILTRATION PROJECT: Schuster stated that the work at the treatment plant was proceeding nicely. Schuster told the Directors that they should try to drive down there on a Friday, Saturday, or Sunday to see the progress.

STATUS OF VACANT PROPERTY ACROSS STREET: Schuster stated that he had not received any additional information from Mesa County in regard to the property where the District's West tank currently sets. Schuster continued by stating that he did not know what the District wanted to do with the property across the street. Director Lewis suggested that the District hold off on any action on the property until the construction of the new office can be agreed upon.

DISTRICT'S ORCHARD MESA PROPERTY: Schuster stated that he did not know what the Board's desire was as far as disposing of the property the District owns on Orchard Mesa. Director Lewis suggested that the District list the property with a realtor. After some discussion about development possibilities, Director Lewis moved that the District talk to several realtors about listing the property and setting preliminary development plans for the property. Director Wheeler seconded the motion and it passed unanimously.

87CW376 - DILLON REFILL CASE: Schuster told the Directors that the City of Grand Junction had appealed the judges decision in the Dillon Refill Case even though most of the other objectors had signed the stipulation. Schuster stated that Attorney Ogle recommended that the District file to stay in the case so that the District will receive any information on 87CW376. Schuster told the Directors that he had told Ogle to go ahead and file on the District's behalf.

95CW281 - WOLFORD MOUNTAIN ENLARGEMENT: Schuster stated that he had told Attorney Ogle to proceed with signing the stipulation on the Wolford Mountain Enlargement since the stipulation stated that no water would be sold to users outside of the Colorado River Basin.

WHITEWATER CREEK ESTATES: Schuster told the Directors that when Oscar Massey and Jim Dyer made presentations to the Board requesting out-of-district taps that the Directors had approved serving all the land that they proposed to develop. Since that time only a portion of the land was developed. A 52 lot subdivision is being proposed within the area the Directors agreed to provide out-of-district taps to and Schuster was bringing this to the attention of the Directors to see if there had been any change of mind in providing water for the area. The consensus of the Director's was to proceed with serving water to this area.

GRAVEL MINING ON GUNDERSON ISLAND: Schuster asked the Director's if they would have any problems with mining the gravel between the Bound's property and the District's property and turning the area into one big lake if all parties were in agreement. The consensus of the Director's was that this would be fine.

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STATUS OF OFFICE BUILDING DESIGN/CONSTRUCTION: Director Lewis moved to discuss this item after the executive session at the end of the meeting. Director Ela seconded the motion and it passed unanimously.

CELLULAR ANTENNA LEASE: Schuster stated that there were several minor changes to the Agreement but that there was nothing substantial. Attorney Krohn had inspected the changes also. Directors Ballagh and Wheeler initialed all the changes to the Agreement.

LETTER FROM THE HONORABLE CHARLES A. BUSS: A letter from the Honorable Charles A. Buss in regard to the water lines in Arrowleaf Subdivision was distributed in the Board packets. In the letter Judge Buss stated that he would not become involved in the affairs between Mr. Mark Kareus of Prime Property & Investment Co. and the District. This item was for informational purposes only.

SET AVAILABILITY OF SERVICE CHARGE: Director Ballagh stated that the public meeting to discuss the availability of service charge had been appropriately held on April 2, 1997. After some discussion Director Garber moved to have the Board of Directors acting by and through its Water Activity Enterprise adopt an availability of service charge substantially the same as the availability of service charge adopted in 1986. Director Lewis seconded the motion. Director Lewis moved to amend the motion so that the policy provided an exception to governmental agencies. Director Garber seconded the amendment. The amendment passed unanimously. The amended motion passed unanimously. Director Ela suggested that Attorney Bechtel review the legality of an exception for governmental entities.

CONSTRUCTION POLICY REVISION: Schuster stated that as per his March 21, 1997, memorandum, he was recommending that the Directors revise the Construction Policy to allow people to pay only 25% of the Plant Investment Fee to be placed on the priority list with the remainder being paid before any construction took place by paying an additional 25% cash and the other 50% in cash or an acceptable, irrevocable, stand-by letter of credit drawn on a federally or state chartered bank for the benefit of the District. Director Lewis moved to amend the Construction Policy to read as per Schuster's memorandum with Director Wheeler's change. Director Wheeler seconded the motion and it passed unanimously.

OTHER UNFINISHED BUSINESS: Director Wheeler stated that Ray, Dale, Shirley, Vi, Cindy, and other staff members should be complimented on a clean audit and the Management Letter from the auditors.

DELINQUENT TAXES FOR ROLLING HILLS SANITATION COMPANY - \$133.43: Schuster explained to the Directors that even though the District was tax exempt, the District was still responsible for paying the taxes incurred prior to the property becoming the Districts. Schuster will check to see if the title insurance policy that accompanied the quit claim deed made any reference to delinquent taxes. Director Wheeler moved to pay the delinquent taxes as long as the title insurance policy included information that excluded insuring against them. Director Lewis seconded the motion and it passed unanimously.

HEALTH INSURANCE PREMIUM INCREASE: Schuster told the Directors that Rocky Mountain HMO had increased the District's health insurance premiums by 11.42%. Schuster stated that other insurance providers had been contacted and that a health and life insurance plan that was

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acceptable to the employees could be obtained from Blue Advantage at a cost within the 1997 budgeted amount. After some discussion it was the consensus of the Board to allow staff to select their own insurance carrier as long as the budgeted figure of \$52,708 for 1997 was not exceeded.

PURCHASE BURSTER: Schuster stated that our customers were receiving mutilated water bills in their mail and he thought some of the problem was the fact that the bills are manually torn apart leaving rough edges which get caught up in postal service equipment. Schuster recommended that the District purchase a burster which would separate the cards at the perforation, eliminate rough edges, and still have them remain in order. Schuster continued by stating that Violet had done some checking and found a reconditioned burster at Paper Processing Solutions, Inc. in Denver that the District could purchase at approximately half the cost of a new machine. The consensus of the Directors was for the District to purchase the burster since the cost fell well within the budgeted amount.

MESA COUNTY VALLEY SCHOOL DISTRICT #51: Mesa County Valley School District #51 had requested a waiver or reduction in plant investment fees for four schools being enlarged or constructed that receive water from the District. After some discussion it was decided that Schuster would contact the SDA to find out if it was legal for the District to make a "donation" of this nature.

Director Lewis moved to enter into executive session at 9:15 p.m. Director Ela seconded the motion and it passed unanimously.

At 10:10 Director Ela moved to exit from the executive session. The motion was seconded by Director Garber and passed unanimously. Director Ela then moved to give Schuster a vote of confidence. The motion was seconded by Director Lewis and passed with Ballagh casting a nay vote. Director Garber moved to accept Schuster's resignation. The motion was seconded by Director Lewis and passed with Director Ela casting a nay vote.

STATUS OF OFFICE BUILDING DESIGN/CONSTRUCTION: Director Lewis moved that since the Board had two issues at hand, the issues of completing the nanofiltration facility and finding a new manager, that the plans for the new office be put on hold. The motion was seconded by Director Wheeler and passed unanimously.

Tooker was invited to come back to the open session. Director Garber moved to hold two Board meetings a month. These Board meetings would be held on the first and third Wednesdays of each month with the opening of the meetings to revert back to 7:30 p.m. The motion was seconded by Director Ela and passed unanimously.

Director Ela told Tooker that as of May 1, 1997, he would be the Acting Manager as per the personnel manual and that Tooker was to present to the Board plans to complete the nanofiltration facility at the May 7, 1997, meeting and also for his plans of how the Board should proceed. It was the general consensus of the Directors that Director Ela had expressed all of their views.

Director Lewis moved to adjourn the meeting. Director Garber seconded the motion and it passed unanimously.

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The meeting adjourned at 10:25 p.m.

ATTEST:

George E. Wheeler
Secretary

John L. Ballagh

[Signature]

Wm. M. Gla

Martin Garber

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held May 7, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. There were no guests present.

MINUTES OF APRIL 16, 1997: Director Garber moved to accept the minutes of the April 16, 1997, meeting. Director Ela seconded the motion. The motion to accept the minutes from April 16, 1997, passed unanimously with some typographical corrections on page four.

PROJECT 96-02 - NANOFILTRATION PROJECT: Tooker stated that the nanofiltration project construction was still moving along very well. Tooker continued by stating that the 1 MG tank was being erected as well as the critical piping under the floor of the nano building. Tooker told the Directors that the nanofiltration skids were delivered but during shipping there was some damage done to one of the skids. Tooker explained that the damage claim had been turned over to Osmonics and the insurance carriers of the freight company. Tooker was confident that the skid would be repaired.

STATUS OF VACANT PROPERTY ACROSS STREET/WEST TANK PROPERTY: Tooker told the Directors that he had attended a meeting with the Mesa County Commissioners on Monday, May 5, 1997. County staff had initially recommended conveying the property at the West tank to the District but at the meeting the Commissioners wanted more time to reconsider the proposal to trade the property owned by the District that is across the street from the current office.

STATUS OF THE DISTRICT'S ORCHARD MESA PROPERTY: Tooker stated that, as directed, he had contacted a number of realtors in regard to the development/selling of the District's Orchard Mesa property. Tooker told the Directors that the general consensus was to not put too much effort into preparing a development plan for the property because it would not significantly increase the value. Tooker said that each of the realtors was interested in listing the property and will provide the District with a rough market analysis and estimated value.

87CW376 - DILLON REFILL CASE: Tooker reported that he met with Attorney Ogle and that Attorney Ogle had filed an entry of appearance in the Dillon Refill Case so that if any developments take place the District will receive the information and have an opportunity to respond.

95CW296 - CWCB INSTREAM FLOW: Tooker said that Attorney Ogle had written a letter requesting that the staff/Board of the Water District attend the Colorado River Water Conservation District (CRWCD) meeting on July 15 and 16, 1997, to encourage the CRWCD to reconsider their support of the Colorado Water Conservation Board's (CWCB's) instream flow proposal. Attorney Ogle told Tooker that a list of concerns and a proposed policy would be presented at that meeting for the CRWCD to adopt.

MT. GARFIELD OUTDOOR CLASSROOM DEDICATION: Tooker relayed to the Directors that Steve Rocha from Mt. Garfield Middle School had planned a dedication/celebration for the Outdoor Classroom for Saturday, May 10, 1997, and had requested that a representative from the Water District be present to make a short presentation. After some

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discussion it was decided that staff would make sure a representative of the District was there, and Director Ballagh stated that he would try to be present, also.

DELINQUENT TAXES FOR ROLLING HILLS SANITATION: Tooker stated that the title insurance was investigated. In the policy under Schedule B, Exemptions from Coverage, sub-paragraph 6 it stated that any unpaid taxes, assessments, and unredeemed tax sales were exempt from coverage. Tooker stated that the District had paid the delinquent taxes.

AUDIT - NO COMPONENT UNITS: Tooker stated that Mike Nelson had been contacted in regard to the statement in the audit, "The District has no component units." Mr. Nelson said that this particular sentence was referring to water/sanitation operations, not a water activity enterprise.

SCHOOL DISTRICT REQUEST: Tooker stated that he had just received Attorney Bechtel's recommendations concerning the request of School District #51 to reduce plant investment fees for their construction projects within the District. Since there was little time to review Attorney Bechtel's recommendations this item will be discussed at the next regular Board meeting.

MANAGER'S PLAN: Acting Manager Tooker stated that, as requested at the April 16, 1997, Board meeting, he had prepared a plan outlining how he saw the District proceeding without Raymond Schuster as the Manager. Acting Manager Tooker proceeded to discuss the following items with the Board: 1) Board meeting format - Tooker stated that he would like to have the first Board meeting of the month for handling general business and the second meeting primarily for discussing the Manager's Report and financial business. Director Garber stated that to save time at the Board meetings, items that are listed under the Express Agenda should not be discussed unless specifically requested by a Board member. The information that is supplied by Acting Manager Tooker in the Agenda Narrative is sufficient unless there are other questions; 2) Board/Staff relationship - Tooker stated that he would like to build the relationship between the Board and the Staff based on honesty and communication; 3) Staff update - this discussion was deferred to an executive session to be held later in the Board meeting; 4) nanofiltration project - Tooker presented the Board with information of the current status of the nanofiltration project, assured the Board that the project would continue as planned, and with the current staff of the District, would be completed as planned; and 5) office project - Tooker recommended that Chamberlin Architects be given an opportunity to value engineer their latest plan in hopes of reducing the overall cost. Tooker suggested that Chamberlin be invited to present their findings at a later Board meeting. Director Ela moved that the Manager advise Chamberlin Architects that they are on hold and no more costs should be incurred at this time. Director Garber seconded the motion and it passed unanimously.

AVAILABILITY OF SERVICE CHARGE: Tooker told the Directors that Attorney Bechtel had recommended removing the blanket exemption for governmental agencies. Attorney Bechtel suggested that any exemptions be made on an individual basis. Director Garber moved to adopt the Availability of Service Charge Policy effective July 1, 1997, and Director Wheeler seconded the motion. Director Ballagh said that the

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Availability of Service Charge Policy had already been adopted at a previous meeting and the policy just needed to be amended. Director Garber withdrew his motion and Director Wheeler withdrew his second. Director Garber then moved to amend the Availability of Service Charge Policy adopted at the April 16, 1997, Board meeting so that paragraph 2.3 is deleted, paragraph 3.4 be corrected so the monthly usage charge per user is \$19.59, the second sentence in paragraph 3.4 reads, "...that the availability of service charge for the last six months of the 1997 fiscal year be 35.73% of the average monthly usage charge...", and that the District exempt the Highway Department from paying the fee for the Roadside Park at E 1/2 Road and 31 1/2 Road (account number 09-626-000). Director Lewis seconded the motion and it passed unanimously.

SALARY SURVEY/JOB DESCRIPTIONS: Tooker stated that he was not sure what had been discussed previously concerning the salary survey or job descriptions as prepared by Annette York from Lee and Burgess. Tooker asked that the Directors allow him to make some changes to the job descriptions after reviewing them with department supervisors and implement them as the official job descriptions of the District. After some discussion, it was the consensus of the Board to accept Tooker's recommendations concerning the job descriptions and when completed, Tooker is to present the final job descriptions to the Board. Tooker asked the Board for direction concerning employee salaries. Tooker recommended that the District develop a pay philosophy based upon the Salary Survey presented by Lee and Burgess. Tooker further recommended that the Salary Survey be the basis for the Manager to adjust employee wages, set pay ranges and prepare the annual budget. Director Lewis moved that the Lee and Burgess Salary Survey be used with the comparator market for the Water District be considered the "total market." Director Garber seconded the motion. After some discussion the motion passed unanimously.

SIGNATURE CARDS AND RESOLUTION: Director Lewis moved to sign the various banking resolutions and the below printed resolution as presented by the Acting Manager to notify the various institutions of the District's authorized agents. Director Wheeler seconded the motion and it passed unanimously.

BE IT RESOLVED, that the Clifton Water District authorizes any current member of the Board of Directors to open a savings account or a certification of deposit in its name and authorizes any current member of the Board of Directors or Dale Tooker, as agent for any current member of the Board of Directors, to invest funds with any financial institutions that are secured by an agency of the United States Government provided that the investment does not exceed that insurance limits of the F.D.I.C. or the F.S.L.I.C. in accordance with C.R.S. 24-75-601, et seq., and C.R.S. 32-1-1101(5).

BE IT FURTHER RESOLVED, that the funds may be withdrawn at any time in the name of the Clifton Water District when said withdrawal is authorized or endorsed by any two of the six names indicated below.

Signature cards validating the signatures for each institution that the District has funds with were distributed and signed by each Director and Acting Manager Tooker.

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APPRECIATION PLAQUE FOR RAY SCHUSTER: Dickie Lewis had suggested that the District present an appreciation plaque to Raymond Schuster for his years of service to the Clifton Water District. Director Lewis moved to authorize Tooker to prepare an appreciation plaque to recognize Schuster for his work at the District. Director Ela seconded the motion. Director Garber moved that action be delayed on this motion until after the executive session at the end of the meeting. Director Wheeler seconded the motion and it passed unanimously.

COPIER LEASE PURCHASE: Tooker stated that he and staff had been comparing the cost of purchasing a copier versus leasing a copier under the State bid contract. Preliminary information indicates that the most economical way to meet the District's copying needs is the lease program with Xerox under the State bid contract. Tooker continued by stating that the State bid contract on the Canon copier that the District now has expires on June 30, 1997.

BORE UNDER HIGHWAY 50: Tooker explained to the Directors that Randy Garcia had requested that the Directors give their approval for her to pay for a bore under Highway 50 for a proposed development before the highway is widened. At this point in time Ms. Garcia would prefer to pay for the bore and have it done now. After some discussion, Director Ela moved that the Directors provide a "no comment" response to Ms. Garcia's request. Director Garber seconded the motion and it passed unanimously.

OTHER NEW BUSINESS:

Children's Water Festival: Tooker stated that he had received a letter from Rita Crumpton, Chairperson of the Children's Water Festival, inviting all of the Directors from Clifton to attend the Festival this year which is being held at Mesa State College all day on May 13 and 14, 1997.

Unauthorized Water Use: Tooker informed the Directors that the District had noticed an increase in unauthorized water use from fire hydrants. Tooker stated that the District may want to review the policy for unauthorized water use and institute a more stringent fine. At the current time unauthorized water use carries a \$50 fine which is not sufficient to cover the cost of a damaged hydrant. Tooker stated that he would review the policy and make his recommendations at a future Board meeting.

Out-of-District Construction Policy: Tooker discussed the Out-of-District Construction Policy in regard to contracts made prior to the changes in said Policy. It was the consensus of the Directors that the policy in effect at the time of the contract had to be honored.

At 11:00 p.m., Director Garber moved to enter into executive session with Acting Manager Tooker in attendance. Director Lewis seconded the motion and it passed unanimously. At 12:10 a.m., Acting Manager Tooker was dismissed from the executive session. At 12:40 a.m. Director Garber moved to emerge from the executive session. Director Wheeler seconded the motion and it passed unanimously. Acting Manager Tooker returned to the meeting. Director Lewis moved to bring the tabled motion concerning the appreciation plaque for Raymond Schuster back to the table. Director Garber seconded the motion and it passed

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unanimously. After some discussion wherein the Directors suggested wording for a plaque, the motion to present Schuster with an appreciation plaque for his years of service to the District passed unanimously.

Director Garber moved that the Board increase Tooker's pay by \$500 per month retroactive to May 1, 1997, because of his added responsibilities. Director Lewis seconded the motion and it passed unanimously.

Director Lewis moved to adjourn the meeting. Director Garber seconded the motion and it passed unanimously.

The meeting adjourned at 12:45 p.m.

ATTEST:

Scary E. Wheeler
Secretary

Wm. M. La

John L. Ballagh

[Signature]

Martin Garber

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held May 21, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. There were no guests present.

MINUTES OF MAY 7, 1997: Director Garber moved to accept the minutes of the May 7, 1997, meeting. Director Lewis seconded the motion. On page five the meeting adjourned at 12:45 a.m., not 12:45 p.m. The motion to accept the minutes from May 7, 1997, as corrected passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Lewis moved to approve the financial report paying the \$65,550.69 as shown on the report, \$7,696.53 as itemized on the supplemental report, a transfer of funds of \$2,400.00 and \$351,834.75 from the ColoTrust account to pay for invoices related to the nanofiltration plant. Director Garber seconded the motion. After some discussion the motion passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker excluding the status of the District's Orchard Mesa Property which will be discussed under Unfinished Business.

Project 96-02 - Nanofiltration Project: The 1 MG tank construction is still the major project. Southwest is beginning to pressure test all critical piping under the nano building floor. John Peichel from Osmonics was contacted concerning the damaged nano skid and he reassured Tooker that everything would be taken care of. The current plan is not to ship the skids back. If needed, the skids will be repaired on-site and without construction delay.

Status of Vacant Property Across Street: We have received no word from the County at this point.

Status of District's Orchard Mesa Property: At this time only one realtor has returned any estimated value of the property, and we are still waiting for the others to respond.

Mt. Garfield Middle School Outdoor Classroom: Dedication of the Outdoor Classroom was Saturday, May 10, 1997. Chairman Ballagh received an appreciation plaque for the District, and operator Carey Blount received a plaque for his efforts.

95CW296 - CWCB Instream Flow: Attorney Flint Ogle will keep us posted as to the location and the actual date of the Colorado River Water Conservation District Board meeting for staff/Board attendance.

Appreciation Plaque for Ray Schuster: As instructed, an appreciation plaque for Raymond Schuster was ordered and was presented to him on May 16, 1997.

Consulting Engineer Search: I have contacted a number of engineering firms and requested information from each.

PURDY MESA LIVESTOCK WATER COMPANY: Tooker stated that PMLWC had not met with him to discuss the Agreement. Tooker asked for direction from the Directors concerning the Agreement with PMLWC. The consensus of the Board was to continue to negotiate with PMLWC, identifying the following concerns of the Board: 1) define a legal description of the boundaries of PMLWC; 2) develop language that prohibits PMLWC in being selective in providing water service; and 3) negotiate a short-term contract initially with the intentions of a long-term contract if conditions are met. No action was necessary on the PMLWC Agreement at this meeting. Tooker then discussed with the Directors the Agreement between the District and Oscar Massey. Tooker pointed out that there are some parcels of property included in the Massey Agreement that are not owned by Massey. Tooker questioned whether there was a possibility of the other land owners claiming to have rights as a third party beneficiary in the Massey Agreement. After a short discussion, the Board agreed with Tooker to seek advisement from Attorney Bechtel and investigate the details of the Agreement for discussion at a future Board meeting.

SCHOOL DISTRICT REQUEST FOR PLANT INVESTMENT FEE REDUCTION: Tooker presented to each Director a page from the District's Revenue Bond Resolution 96-01. Section 23, Protective Covenants, paragraph B of the Resolution states that, "...No free service shall be furnished by the District except for fire protection purposes or for the District's use of the System." Director Garber moved to deny the request from Mesa County School District #51 for a reduction in Plant Investment Fees due to the language in the Revenue Bond Resolution 96-01. Director Wheeler seconded the motion and it passed unanimously.

DISCUSSION OF LINE ITEMS IN 1997 BUDGET: Some discussion took place concerning the value of spending time discussing the line items in the 1997 budget that had already been approved. After some deliberation about changes that may need to be made to the budget at a later date, Director Lewis moved to ratify the line item budget that was adopted and approved in December of 1996. Director Garber seconded the motion and it passed unanimously.

STATUS OF OFFICE BUILDING DESIGN/CONSTRUCTION: Tooker explained to the Directors that he had requested that Southwest Contracting give him an idea on the cost of a three-bay garage/shop. Southwest presented Tooker with a cost of approximately \$26 per square foot for a 50' by 60' three-bay garage/shop. After some discussion the Board suggested that Tooker inspect some of the garage/shops that have been constructed for other organizations and report back at the next meeting. Tooker stated that if the Directors decide to build a shop separate from the office he would like a commitment from the Directors that an office will be built at the Charles A. Strain Treatment Plant in conjunction with the garage/shop. Tooker also said that if the desire of the Board is to build a shop separate from an office that, in his opinion, Chamberlin Architects have fulfilled their commitment to the Clifton Water District and will not continue on any design work. The consensus of the Board was to pursue the shop at this time with an office to be located at the plant site at a later date.

STATUS OF DISTRICT'S ORCHARD MESA PROPERTY: Tooker stated that he had received quotes from only two realtors as to the value of the property that the District currently owns on Orchard Mesa. After some discussion, Director Garber moved to table the discussion of the District's Orchard Mesa property to give other real estate agencies

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time to respond. Director Wheeler seconded the motion and it passed unanimously.

OTHER UNFINISHED BUSINESS: Director Wheeler questioned if the valuation of the District's property as stated in the Colorado Special Districts Property and Liability Pool Insurance Policy would be enough to cover the replacement costs in the event of a catastrophic fire or destruction. Tooker will check on this.

SDA SPRING WORKSHOP: All of the Directors except Director Lewis plan on attending the workshop presented by the SDA on May 30, 1997, in Grand Junction entitled "Board Members are from Venus, Staffs are from Mars." Tooker stated that certain staff members will also be in attendance.

OTHER NEW BUSINESS: Director Ballagh questioned Tooker concerning unauthorized water use and use from fire hydrants. After some discussion it was decided that Tooker will inquire with other utilities as to what they are doing concerning unauthorized water use or use from fire hydrants.

Tooker stated there had been 23 responses to the ad placed in The Daily Sentinel for a water treatment plant operator. Tooker said that 11 applicants were selected and the interview process will begin next week.

Director Lewis moved to adjourn the meeting. Director Wheeler seconded the motion and it passed unanimously.

The meeting adjourned at 10:15 p.m.

ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held June 4, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. There were no guests present.

Chairman Ballagh called the meeting to order at 7:30 p.m.

MINUTES OF MAY 21, 1997: Director Wheeler moved to accept the minutes of the May 21, 1997, meeting. Director Lewis seconded the motion. The motion to accept the minutes from May 21, 1997, passed unanimously with a typographical correction.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker.

96-02 - Nanofiltration Project: All critical piping and pressure testing has been completed. Southwest is beginning the final grading for the slab and will begin pouring concrete during the week of June 2nd. The floor traffic topping for the existing water treatment plant was completed Friday, May 30th. The project is approximately 73% complete.

Status of Vacant Property Across Street/West Tank Property: Mesa County staff will again be recommending to the Commissioners not to accept the property across the street from the current office in exchange for property at the West tank site. The property at the West tank is not in question. The County intends to convey this property to the District. At this time we are waiting for an agenda slot with the Commissioners.

New Employee for CASWTP: Interviews were completed during the week of June 2, 1997, and a selection will be made by Friday, June 6, 1997.

Garage/Shop Project: I have visited the Ute Water shop and will be visiting other sites next week. I have directed staff to prepare space requirements for storage of our distribution materials and parts. I will have this information compiled and my recommendations prepared for the meeting on June 18th.

Intergovernmental Agreement Meeting with Mesa County: I attended a meeting on Thursday, May 29th at the Mesa County Hearing Room with County Staff and other Special Districts to discuss the County Growth Plan. During this meeting the topic of growth in the Whitewater area was discussed as well as the Clifton Water District Statement of Purpose and the District's service area. I am not sure if anything will come of this, but I thought that the Board needed to be aware of the meeting.

STATUS OF DISTRICT'S ORCHARD MESA PROPERTY: Tooker stated he had still only received information concerning the value of the Orchard Mesa property from two realtors. Tooker told the Directors that he felt that, at this time, he could either look for other realtors, accept one of the two offers received, or leave it to the Board to table the topic for later. After a brief discussion, Director Ela moved to table this discussion until the first meeting in July. Director Garber seconded the motion and it passed unanimously.

SDA PROPERTY & LIABILITY INSURANCE POLICY COVERAGE: Tooker stated that he had contacted the insurance company in regard to the District's coverage on the Charles A. Strain Water Treatment Plant and laboratory. Officials with the SDA Property and Liability Insurance Pool stated that if the District wanted to increase the insurance coverage to include the replacement value of the contents of the building, the District would need to have the facilities and contents appraised, then submit these amounts for coverage. After some dialogue, Director Ela stated that the Board should instruct Tooker to have the building and contents appraised and get the insurance coverage for the replacement cost.

ON-SITE NANOFILTRATION TRAINING: Robinson informed the Directors that he had contacted the David H. Paul Company in regard to their on-site membrane technology training course. Robinson had also contacted several of the references given wherein he received positive comments about the David H. Paul Company from each contact. Director Lewis moved to instruct staff to retain the services of the David H. Paul Company for on-site membrane technology training as long as the funds were available. Director Ela seconded the motion. Robinson told the Directors that the David H. Paul Company would custom design the training specifically for our system. The motion to hire the David H. Paul Company passed unanimously.

OSCAR MASSEY AGREEMENT: Tooker stated that he had received a letter from Attorney Bechtel regarding her concerns about the Agreement between the District and Oscar Massey. After much discussion, it was the consensus of the Board of Directors to instruct Tooker to begin working with Mr. Massey to renegotiate his Agreement with the District to address the concerns expressed by Attorney Bechtel.

OTHER UNFINISHED BUSINESS: Tooker stated that he met with Bob Black from Purdy Mesa Livestock Water Company (PMLWC) in regard to the Agreement currently in the draft stages between the District and PMLWC. Tooker will continue to work with PMLWC to reach a conclusion.

PRESENTATION BY BOB CZARNECKI: Tooker told the Directors that, in light of the transition in management of the Clifton Water District, Bob Czarnecki has offered to come and speak to the Board of Directors at the regularly scheduled meeting on July 24, 1997, to cover the current District investments and their progress. Czarnecki will meet with Acting Manager Tooker on July 10th, and at that time Tooker will determine the value of him attending the July 24, 1997, meeting. It was the general consensus of the Board that they are satisfied with the investment policies of the District as long as Acting Manager Tooker was comfortable with said procedures.

WATER USAGE FEE POLICY/FIRE HYDRANT USAGE POLICY: Tooker stated that, because of the proposed Fire Hydrant Usage Policy, changes had to be made to the Water Usage Fee Policy. Tooker further stated that if the proposed Fire Hydrant Usage Policy was not accepted, changes to the Water Usage Fee Policy were not necessary. It was the consensus of the Directors that, with discussed changes in the wording of the Fire Hydrant Usage Policy, Tooker should present both policies to Attorney Bechtel for her recommendations. Tooker hopes to present the corrected policy to the Board at the June 18, 1997, meeting. Director Wheeler suggested that, when implemented, the policy should be sent to contractors and entities that will be affected by the changes.

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DEBRIEFING OF SDA WORKSHOP: A thirty-five minute discussion ensued concerning the SDA Workshop that each of the Board members and staff had attended on May 30, 1997. Tooker asked the Board to consider a retreat to develop a mission statement and a strategic plan, both short-term and long-term, for the District. After a short discussion it was the consensus of the Directors that this would be a valuable process and would provide direction for the staff.

Director Ela and Director Garber will not be present at the meeting scheduled for July 18, 1997.

Director Lewis moved to adjourn the meeting. Director Wheeler seconded the motion and it passed unanimously.

The meeting adjourned at 9:45 p.m.

ATTEST:

Seage E. Wheeler
Secretary

John L. Ballagh

Martin Garber

Wm. M. Ela

[Signature]

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held June 18, 1997

Present were Chairman Ballagh, Secretary Wheeler, and Director Lewis. Vice-Chairman Ela and Treasurer Garber were absent. Staff present were Dale Tooker, and Cindy Day-Biondich. There were no guests present.

MINUTES OF JUNE 4, 1997: Director Wheeler moved to accept the minutes of the June 4, 1997, meeting. Director Lewis seconded the motion. Paragraph 2 on page three should state that Director Ela and Director Garber will not be present at the meeting scheduled for June 18, 1997, instead of July 18, 1997. The motion to accept the minutes from June 4, 1997, as corrected passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Lewis moved to approve the financial report paying the \$50,195.02 as shown on the report, \$17,381.92 as itemized on the supplemental report, a transfer of funds of \$12,400.00 and \$112,592.57 from the ColoTrust account to pay for invoices related to the nanofiltration plant. Director Wheeler seconded the motion. The motion passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker excluding the Status of Vacant Property Across Street/West Tank Property, Purdy Mesa Livestock Water Company, and Ben Dowd Receives UNCC Award which will be discussed under Unfinished Business. Tooker explained the changes made in the Manager's Report concerning tap information and overtime hours. Tooker will make some adjustments in the Manager's Report for future meetings.

96-02 - Nanofiltration Project: The contractor is still concentrating efforts on the critical piping and reinforcement for the slab floor of the NF building. Larry has started planning for the on-site training program with the David H. Paul Company. Including the latest pay estimate, the NF project is approximately 80% complete. (Wheeler asked if the District had a retainer fee from Osmonics and Southwest Contracting and Tooker stated that the retainer fee was 10%.)

Status of District's Orchard Mesa Property: This item has been tabled and deferred for discussion for the July 2, 1997, meeting.

New Employee for CASWTP: We have selected E. Scurry Ellis to fill the position of water treatment plant operator beginning on Monday, June 23, 1997.

95CW296 - CWCB Instream Flow. The Colorado River Water Conservation District meeting is scheduled for July 15, 1997, to be held at the Hotel Colorado in Glenwood Springs at approximately 9:00 a.m. There have been some developments in this case including this meeting and a meeting scheduled for June 25, 1997, at Ute Water. Attorney Ogle foresees more time being spent on this issue than previously expected. I recommend that the District continue its opposition of 95CW296.

Consulting Engineer Search: As directed, staff made inquiries to the following engineering firms: Armstrong Consultants, Inc.; Aspen Engineering; Banner Associates, Inc.; Landesign; Rolland Engineering; Western Engineers, Inc.; and Westwater Engineering. At this time we have received company information and outlines from Westwater, Landesign, and Western.

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SDA Property and Liability Insurance: I have contacted AON Property Services which is our insurance carrier. They suggested that if we intended to insure for a catastrophic loss, we should insure to the current replacement value of the facilities including contents. Tooker is in the process of contacting appraisal firms and area organizations concerning their insurance coverage of their facilities. At this time, Tooker will request AON Loss Control Representatives to perform an annual assessment paying particular attention to the value of the buildings and contents. At the conclusion of this assessment, Tooker will make necessary recommendations concerning third-party appraisals.

STATUS OF VACANT PROPERTY ACROSS STREET/WEST TANK PROPERTY: Tooker told the Directors that the County Commissioners had decided that the County would convey the property where the West Tank is located in exchange for the District's property which is located across the street from the current office on 137 Third Street. Tooker will prepare a Quit Claim Deed for this conveyance.

PURDY MESA LIVESTOCK WATER COMPANY: Tooker explained that he had met with Rod Bonnell to discuss the proposed Agreement. Bonnell told Tooker that if the Board was unwilling to make an exception to the District's Water Usage Fee Policy (Paragraph 12.2 states, "The monthly minimum usage fees for multiple usage shall include an additional \$7.00 charge for each user over one service from the tap,") it would be financially unfeasible for PMLWC to enter the Agreement because they could not pay the charges for water and reduce their debt at the same time. Bonnell is requesting the District charge one monthly minimum and the overage on a per 1000 gallon basis. Tooker stated that he felt the other contract disagreements had been overcome in conversation with Bonnell and the water charge was the major stumbling block. The consensus of the Directors was that the District would not make any variances to the Water Usage Fee Policy.

BEN DOWD RECEIVES UNCC AWARD: Ben Dowd Excavating has received the Western Colorado Conscientious Contractor Award presented by the Utility Notification Center of Colorado. Director Lewis moved to instruct staff to write a letter of commendation to Ben Dowd Excavating on their Award. Director Wheeler seconded the motion and it passed unanimously.

GARAGE/SHOP PROJECT: Some discussion took place concerning the size of the proposed garage/shop building and the height of the overhead doors to be used. Action on this item will be taken at the July 2, 1997, Board meeting.

WATER USAGE FEE POLICY/FIRE HYDRANT USAGE POLICY: Tooker stated that Attorney Bechtel had made corrections to the Water Usage Fee Policy and the Fire Hydrant Usage Policy. These corrections were highlighted on the copy of each policy as presented to the Board. Director Lewis moved to defer discussion on these policies until the July 2, 1997, Board meeting. Director Wheeler seconded the motion and it passed unanimously.

MASSEY AGREEMENT: Tooker stated that Attorney Bechtel had written an addendum to the original Massey Agreement which he had presented to Massey. Tooker stated that Massey was currently reviewing the addendum. No Board action will be taken until the signed document is received from Massey.

GRAVEL LEASE - GRAND JUNCTION PIPE/PUBLIC ACCESS: Tooker informed the Directors that Ed Settle from Grand Junction Pipe had been into the office to discuss a comment sheet that was submitted to the Mesa County Planning and Development Division from the Grand Junction/Mesa County Riverfront Commission concerning the Clifton Water Gravel Pit Conditional Use Permit. Their comment stated that, "the application fails to address the issue of right-of-way across the property for the riverfront trail..." Tooker told Mr. Settle that since the property in question belonged to the District and any request for right-of-way access should be addressed to the Board of Directors rather than the conditional use permit. The Directors agreed and Director Lewis suggested that staff install signs indicating that the area at the water treatment plant is restricted and access is limited. In addition, Tooker was instructed to write letters to the organizations that have been utilizing Clifton Water District property and clarify the position of the District.


AUTHORIZE BIDS FOR PURCHASE OF NEW VEHICLE: Tooker explained to the Directors that the 1987 GMC that the District currently owns is in need of replacement. Tooker stated that there was \$20,000 in the 1997 budget for the purchase of a new vehicle and he would like to have the approval of the Board to seek bids for a four-wheel drive truck. After some discussion it was the consensus of the Directors that Tooker seek bids for a new truck for the District and that the bid be for a two-wheel drive vehicle with an option for a four-wheel drive.

OTHER NEW BUSINESS: Tooker told the Directors about a luncheon being given on July 11, 1997, by ColoTrust at the Grand Vista Hotel. Reservations from the Board will be taken at the July 2, 1997, Board meeting.

Director Wheeler moved to adjourn the meeting. Director Lewis seconded the motion and it passed unanimously.

The meeting adjourned at 9:15 p.m.

ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held July 2, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler, and Director Lewis. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Larry Clever of Ute Water Conservancy District and Greg Hoskin of Collbran Conservation District.

Chairman Ballagh called the meeting to order at 7:30 p.m.

GUESTS: Greg Hoskin and Larry Clever presented that their organizations had drafted another free-standing bill which is referred to as the Collbran Project. The bill requests that the Federal Government transfer the Vega Molina Power Plant into the hands of the two Conservation Districts enabling them to use the water for their respective purposes. Hoskin stated that they had a bill similar to this one last year, however it had been vetoed. Hoskin and Clever were requesting support from the District for their bill. After some discussion Director Lewis moved to defer further discussion or action to the July 16, 1997, meeting. Director Ela seconded the motion and it passed unanimously. The Directors will work through Tooker to let Hoskin and Clever know the outcome of the discussion at the next meeting.

MINUTES OF JUNE 18, 1997: Director Wheeler moved to accept the minutes of the June 18, 1997, meeting. Director Lewis seconded the motion. The motion to accept the minutes from June 18, 1997, passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker.

Project 96-02 - Nanofiltration Project: The NF building floor has been completed as well as the erection of the tank. Southwest Contracting will begin setting the NF equipment the week of June 30.

ColoTrust Luncheon: ColoTrust will be holding a luncheon meeting at 12:00 noon on Friday, July 11, 1997, at the Grand Vista Hotel at 2790 Crossroads Boulevard. If you attend, you will have your choice of either London Broil or Chicken Cordon Bleu. Please let the office know by July 7 if you will be attending.

Purdy Mesa Livestock Water Company: Tooker relayed information to Rod Bonnell concerning the Board's consensus not to negotiate a variance to the Water Usage Fee Policy for Purdy Mesa Livestock Water Company. At this time negotiations with PMLWC have ended. At Bonnell's request, Tooker has scheduled him to speak with the Board of Directors from 7:40 to 8:00 p.m. at the July 16, 1997, regular Board of Director's meeting.

SDA Property & Liability Insurance Policy Coverage: Tooker has scheduled the loss-control representative from AON Insurance to perform an on-site evaluation of the Clifton Water District on July 16.

Employee Evaluations: As directed in the Clifton Water District Supervisor's Manual and Personnel Manual, Tooker performed verbal and written employee evaluations during the week of June 23.

WATER USAGE FEE POLICY/FIRE HYDRANT USAGE POLICY: Tooker explained that these policies were presented in the packet of information given to the Directors for the June 18 Board meeting. After a brief discussion, Director Garber moved to adopt the Fire Hydrant Usage Policy effective July 3, 1997. Director Lewis seconded the motion and it passed unanimously. Director Garber moved to adopt the revised Water Usage Fee Policy. Director Ela seconded the motion and it passed unanimously. Director Ela questioned if Attorney Bechtel had approved as well as participated in the drafting of these Policies. Tooker stated that Attorney Bechtel had indeed helped in drafting as well as approving them for use by the District.

STATUS OF DISTRICT'S ORCHARD MESA PROPERTY: Director Lewis moved to defer this item to the August 6 Board meeting for discussion. Director Ela seconded the motion and it passed unanimously.

GARAGE/SHOP PROJECT AT CHARLES A. STRAIN WATER TREATMENT PLANT: Tooker explained to the Directors that if a garage/shop were to be built at the plant site utilizing change orders for the nanofiltration plant the time to do so was now because Southwest is quickly wrapping up their construction. Tooker stated that the design of the garage/shop will allow for future expansion. The Board was concerned about utilizing change orders for the construction of the garage/shop, and it was their consensus that the project be put to bid. Tooker stated that the specifications would have the stipulation that the contractor would have to provide the engineering and approved engineering stamp for the building, foundation, and slab. After some discussion Director Lewis moved to authorize Tooker to put together specifications in preparation for bidding the project to build a garage/shop at the Charles A. Strain Water Treatment Plant. Director Wheeler seconded the motion and it passed unanimously after more discussion.

CONSULTING ENGINEER SEARCH: Tooker reiterated that the following engineering firms had been requested to submit information to the District regarding their firm: Armstrong Consultants, Inc.; Aspen Engineering; Banner Associates, Inc.; Landesign; Rolland Engineering; Western Engineers, Inc.; and Westwater Engineering. Tooker further stated that he had only received company information and outlines from Westwater, Landesign, and Western. After some discussion it was the consensus of the Directors that engineering firms would be selected on a case-by-case basis for any specific projects.

MASSEY AGREEMENT: Tooker gave the background information on the Addendum to the Massey Agreement for the Board members that were not present at the last Board meeting. Tooker stated that Attorney Bechtel had prepared the Addendum to the Massey Agreement which is specific to the Callow Creek and Cutting Fruit Tracts developments. Massey had signed the Addendum and it was presented to the Board for approval. Director Lewis moved to approve the addendum to the District's Agreement with Oscar Massey and have the Chairman and Secretary sign said Addendum. Director Garber seconded the motion and it passed unanimously. Chairman Ballagh and Secretary Wheeler signed the Addendum.

95CW296 and 95CW297 - CWCB INSTREAM FLOW: Tooker explained that Attorney Ogle wanted to have the approval of the Board to continue representing the District in Case 95CW296 and 95CW297 because, it was

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the belief of Ogle that it could be quite time consuming on his part. After a lengthy discussion Director Garber moved to authorize Attorney Ogle to continue representing the District in this case as is reasonably necessary. Director Lewis seconded the motion and it passed unanimously.

STATUS OF VACANT PROPERTY ACROSS STREET/WEST TANK PROPERTY: Tooker stated that staff had prepared a Quit Claim Deed for the transfer of property across the street from the current office to Mesa County in exchange for the approximately 40 acres of property where the District's West tank is now located. Director Lewis moved to authorize the Chairman and Secretary to execute the Quit Claim Deed of the three lots known as 146 Third Street, 302 Front Street, and 306 Front Street including three water taps and three sewer taps to Mesa County in exchange for their Quit Claim Deed for the NE 1/4 of the NE 1/4 of Section 3, Township 1 South, Range 1 East of the Ute Meridian lying North of the right-of-way of Interstate Highway 70. Director Garber seconded the motion, it passed unanimously, and the Chairman and Secretary executed the Quit Claim Deed.

MT. GARFIELD MIDDLE SCHOOL OUTDOOR CLASSROOM: Director Lewis explained that he had heard a news story concerning the construction of an Indian village and the making of adobe bricks at the Mt. Garfield Middle School Outdoor Classroom. Director Lewis expressed a concern that there were projects being done at the Outdoor Classroom site that the Directors had no knowledge of or had ever approved. Tooker then explained what was happening with the Outdoor Classroom at the plant and stated that Steve Rocha is working on projects approved prior to Tooker becoming the Acting Manager. The construction of an Indian village and adobe bricks were approved projects by the previous manager. After a lengthy discussion and review of the Cooperative Agreement dated the 10th day of June, 1992, Director Lewis moved to authorize Tooker to write a letter to School District #51 Superintendent George Straface with copies to Attorney Groves and Steve Rocha stating that within the existing Agreement there is a difference between the "District" and "District personnel" and that the "District" had not approved some of the projects currently being performed and that all projects should be stopped immediately until the Board has had an opportunity to review and approve them. Director Garber seconded the motion. During the discussion Tooker stated that he would request Steve Rocha from School District #51 to work together with Plant Superintendent Larry Robinson to develop an annual plan for submittal to Tooker. After Tooker's review he will present the plan with his recommendations to the Board of Directors for their consideration. After more discussion, the motion passed unanimously.

OTHER UNFINISHED BUSINESS: Tooker and Robinson stated that signs were made and will be posted at the Charles A. Strain Water Treatment Plant. The signs identify the area as a restricted area and that everyone must check in at the plant office prior to passing onto District property.

REQUEST FOR EASEMENT FROM ORCHARD MESA IRRIGATION: Jim Rooks from Orchard Mesa Irrigation had called Tooker originally seeking approval to perform some minor clean-up and dirt moving. However, once Tooker explained to Rooks that the District was considering selling this property, Rooks requested a 20' easement from the center line of their irrigation ditch which is east of the abandoned sewer ponds on the

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District's Orchard Mesa property. The consensus of the Board was that Rooks should have the survey work done and present an easement to the Board for approval.

MAINTAINING THE ATTORNEY-CLIENT PRIVILEGE: Tooker explained that, since he had been appointed Acting Manager, there were a number of legal issues that had been addressed by Attorney Bechtel. Because of these discussions and her recommendations to the District she had written a letter to Tooker outlining attorney/client privileges. The consensus of the Board was to take the suggestions of Attorney Bechtel under advisement. Tooker stated that in the future letters from Attorney Bechtel to the Directors will be stamped "confidential."

OTHER NEW BUSINESS: Ela questioned if the District was planning on moving the meter pit for 3126 F Road from its present F Road location to a location within Orchard Run Subdivision. Tooker stated that he would assess the situation and take appropriate action.


Director Wheeler stated that Jim Dyer had contacted him in regard to what he thought was an agreement between he and the District to allow him to install the distribution system to his property in the Whitewater area named Whitewater Creek Estates. Tooker stated that the original Agreement that Mr. Dyer was referring to was signed exclusively by Oscar Massey and it did not entitle Mr. Dyer to the same considerations for his development. In addition, Tooker stated that with the Addendum to the Agreement with Oscar Massey and the current Out-of-District Construction Policy, Mr. Dyer would not be allowed to install his own water lines.


Director Lewis moved to adjourn the meeting. Director Wheeler seconded the motion and it passed unanimously.

The meeting adjourned at 11:08 p.m.

ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held July 16, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Secretary Wheeler, Treasurer Garber, and Director Lewis. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Rod Bonnell from Purdy Mesa Livestock Water Company (PMLWC) was a guest.

Director Ballagh called the meeting to order at 7:30 p.m. Tooker stated that he had scheduled Rod Bonnell from 7:40 to 8:00 p.m. to accommodate any items that may need to be discussed prior to having guests. Director Ela moved to have the discussion with Mr. Bonnell moved to the beginning of the meeting. Director Lewis seconded the motion and it passed unanimously.

GUEST: Tooker stated that, as directed by the Board, he had attempted to negotiate an Agreement with PMLWC to serve water to their area. The one issue that Tooker and PMLWC representatives could not agree on was the District's Water Usage Fee Policy which states that a minimum will be paid for each user on a bulk tap. Bonnell told the Directors that it was not feasible for PMLWC to pay the minimum for each user on their line and still be able to pay off their debt. After a lengthy discussion, Director Ela moved to table the discussion on an Agreement with PMLWC until the August 20 meeting to allow the Directors time to discuss this matter at their retreat on August 19. Director Lewis seconded the motion and it passed unanimously.

MINUTES OF JULY 2, 1997: Director Wheeler moved to accept the minutes of the July 2, 1997, meeting. Director Lewis seconded the motion. On page one, the last sentence under GUESTS should read, "...outcome of the discussion after the next meeting." Under STATUS OF VACANT PROPERTY ACROSS STREET/WEST TANK PROPERTY in line 6 it should be "Quit" claim deed, not "quite." Page four under OTHER NEW BUSINESS, the second paragraph line 2 should read, "...agreement between him and the District..." The motion to accept the minutes with said corrections passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Lewis moved to approve the financial report paying the \$47,517.22 as shown on the report, \$22,713.40 as itemized on the supplemental report, a transfer of funds of \$63,349.93 and \$83,753.19 from the ColoTrust account to pay for invoices related to the nanofiltration plant. Director Garber seconded the motion. Director Ela stated that he would like Tooker to inform the Board of anything in the financial report that should be brought to the attention of the Directors. Tooker stated that the bill from Chamberlin Architects was for unpaid services prior to putting them on hold and that the charges were not for new services. In addition, Tooker pointed out to the Directors \$375,000 of deposits to ColoTrust. Director Wheeler requested that the Balance Sheet show the construction costs for the nanofiltration plant separate from the other construction costs. The motion passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker.

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Project 96-02 - Nanofiltration Project: Southwest Contracting has set all of the multimedia and nanofiltration equipment on the completed slab. The shell of the building has been erected with the building scheduled for completion the week of July 14.

SDA Property and Liability Insurance: In addition to the Loss Control Representative from AON Insurance that will be performing an on-site evaluation of the Charles A. Strain Water Treatment Plant, Tooker has made a number of inquiries. One of which was Home Loan and Investment Company that provides insurance coverage for many special districts. Included in the packet for this meeting is a letter from Jamie Hamilton, Home Loan and Investment president, indicating a standard insurance rate of \$1.00 per gallon of treated water capacity. Since our current capacity of the Charles A. Strain Water Treatment Plant is 12 MGD, Mr. Hamilton estimates that our insurance coverage for the water treatment plant should be between \$11 and \$12 million of coverage. This is substantially more than the \$1.6 million coverage we currently have and it indicates that we are grossly underinsured for the replacement of our water treatment plant building and its contents. At this time, this is informational only and more information will be collected and disseminated to the Directors.

Mesa County Land Development Plan: At an earlier Board meeting Director Ballagh questioned the planned density for the area between 30 and 32 Roads south from E to D Roads. Tooker contacted Keith Fife of the Mesa County Planning Department who reported that the current zoning in that area is AFT. AFT zoning is one structure every two to five acres. The area can be rezoned to a density of one structure every 0.5 to two acres. This density is identified in the Mesa Countywide Land Use Plan. However, Mr. Fife indicated that it could be adjusted to facilitate a development and the density is not written in stone. Currently we have a 10" line on D Road and an 8" line on D 1/2 Road with sufficient looping and inter connection. We have no projects planned for line replacement and/or upgrades in the area. The current structure is sufficient and will be assessed on a case-by-case basis.

Status of Pickup Bids: At the June 18 Board meeting, the Directors authorized bids for the purchase of a new vehicle. However, the 1997 state bid model year has expired and a 1997 vehicle cannot be purchased under the state bid contract. Dealers will receive state bid information for the 1998 model year in September or October. At that time, bids will be solicited.

Garage/Shop Project: Specifications for the garage/shop and the typical designs are being prepared. Tentatively, we are planning to advertise for bids on July 23 with a bid opening scheduled for August 6.

PURDY MESA LIVESTOCK WATER COMPANY: The consensus of the Board was that this topic will be discussed at the retreat on August 19 and that Tooker will prepare information and data necessary for the meeting.

COLLBRAN PROJECT: Tooker reiterated his memorandum to the Board of July 10, 1997, wherein he stated that, after studying the information on the Project, he could see no clear-cut reason for the District to oppose or support the project. However, Tooker continued by stating that for the benefit of future relations with Ute Water Conservancy District and because the Project did not appear to have a negative effect on the District, he could see no reason for the Board to oppose the Project. After some discussion, Director Ela moved to table this discussion until Tooker could talk with City of Grand Junction representatives concerning their position. Director Lewis seconded the motion and it passed unanimously.

WATER CASES 95CW296 AND 95CW297: Tooker stated that he and Director Ela had attended the Colorado River Water Conservation District (CRWCD) Board meeting in Glenwood Springs on the 15th. Discussion of the subject was lead by Director Ela who quickly summarized his areas of concern. After the discussion, Tooker stated that he would like to work with Director Ela to prepare a summary of the cases and present it to the Board in written form at a future meeting along with a drafted letter to the CRWCD stating that it is the belief of the Clifton Water District Board of Directors that the opposers have presented the District with a proposed policy that needs action by the CRWCD Board and that it was the responsibility of the CRWCD Board to continue this matter rather than the opposer's attorneys.

DISTRICT FINANCIAL PROCEDURES: Tooker stated that he was recommending a change in the financial procedures of the District to simplify the District's account payables and the entire accounting process as well as eliminating confusion on the part of the Board members concerning what has been paid from each of the District's checking accounts. Tooker reiterated his July 10, 1997, memorandum wherein he recommended that the District continue to allow a single signature on the payroll account and also to allow a single signature on the account payables account for purchases up to \$500 to facilitate any purchases that need to be paid for immediately. After some discussion it was the consensus of the Board that this item be discussed at the retreat.

NEW DISTRIBUTION EMPLOYEE: Tooker referenced the minutes of the May 1996 meeting where the Board had agreed to hire another employee to work in the distribution system. Tooker stated that until recently the District had employed a part-time person to perform the District's meter replacement program and to help, when necessary, with field work. However, this employee has quit and now Tooker felt the need to hire a full-time person as was approved at the May 1996 meeting to replace meters and help in the distribution system as time allowed. Director Lewis moved to authorize the Acting Manager to hire another distribution employee on a full-time basis if the work load justified it. Director Wheeler seconded the motion and it passed unanimously.

OTHER NEW BUSINESS: Tooker stated that he had received several inquiries regarding the District's nanofiltration project. Tooker continued by stating that he had sent out several copies of the

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paper that he and Robinson had prepared and presented at the AWWA Conference in Toronto. Director Ballagh suggested that a packet of information be assembled, possibly with pictures, to be sent out to interested people for a small charge to cover the cost of copying and mailing. Tooker added that the District expected and should be prepared to fulfill a substantial amount of requests to tour the nanofiltration facilities once they are completed. Tooker will begin assembling a small packet for interested parties.

485 1/2 ANJOU: Tooker stated that he would like to discuss this matter in an executive session. Director Lewis moved to enter into executive session. Director Garber seconded the motion and it passed unanimously. After approximately 20 minutes, Director Lewis move to exit from the executive session. Director Ela seconded the motion which passed unanimously.

Director Ela moved to adjourn the meeting. Director Lewis seconded the motion and it passed unanimously.

The meeting adjourned at 10:00 p.m.

ATTEST:


Secretary









MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT

Held August 6, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, and Secretary Wheeler. Director Lewis entered the meeting at 7:47 p.m. Staff present were Dale Tooker and Cindy Day-Biondich. Guests present were Ron Ashley of Ashley Construction and Darrell Dennison and Tony Fitzgerald of Southwest Contracting, Inc.

Chairman Ballagh called the meeting to order at 7:30 p.m.

OPEN BIDS FOR CLIFTON 97-01: The time for accepting bids was closed, and Acting Manager Tooker opened the bids. Two bids were received for Clifton's 97-01 Project. Bidders and bid prices were as follows: Acting Manager's Estimate - \$158,408.00; Ashley Construction - \$139,565.00; Southwest Contracting - \$147,840.00.

MINUTES OF JULY 16, 1997: Director Garber moved to accept the minutes of the July 16, 1997, meeting. Director Ela seconded the motion. The motion to accept the minutes passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker.

Project 96-02 - Nanofiltration Project: The NF building is nearing completion and Southwest Contracting crews are working on the interconnecting piping. There have been some minor, but solvable, problems with the tolerances and equipment position. John Peichel from Osmonics inspected the installation of equipment on Tuesday, July 29 and indicated that the job "looks good." Peichel instructed staff on the correct procedures to load the multimedia filters. Peichel's inspection was intended to prepare staff and contractors for the start-up and address any concerns of the project. The painting of the 1 MG mixing and storage tank is scheduled for completion during the week of August 4. On a related issue, cathodic protection of the 1 MG tank was not addressed in the original contract, however, staff has contacted Anode Systems to install the necessary equipment.

Director Ela moved to approve the purchase of the cathodic protection for the 1 MG tank with the total price to be approved by the Board. Director Wheeler seconded the motion and it passed unanimously.

95CW296 and 95CW297 - CWCB Instream Flow: Tooker has not had the time to meet with Director Ela to prepare a summary. However, this information will be available at the August 19 Board of Directors Retreat.

SDA Property & Liability Insurance Policy Coverage: Tooker met with an AON Loss Control Representative to inspect the water treatment plant as well as the office. AON prepared a brief report outlining a number of general facility safety considerations that the District needs to address. This inspection information and summary will be sent to another department within AON to continue with the value assessment as requested.

Collbran Project: Tooker distributed a memo and information received from Bruce Smith, Collbran Town Administrator. Tooker also spoke with City of Grand Junction Utilities Director Greg Trainor who stated that the City of Grand Junction had not been asked to support the Collbran

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Project. Trainor further stated that if the City was asked to support the Collbran Project he did not see any reason why they would not support Ute Water in this endeavor. This subject will be addressed at the August 19 Retreat.

STATUS OF DISTRICT'S ORCHARD MESA PROPERTY: Tooker stated that, as requested by Director Wheeler and Director Ela, this topic had been tabled from the June 4 and July 2 meetings to allow time for each Director to contact realtors for their opinions concerning the property value of the District's acreage on Orchard Mesa. Director Ela stated that he had talked with Ward Scott from Remax 4000 and Mr. Scott had not received the initial information. Director Ela requested that Tooker send the property information directly to Mr. Scott. Director Wheeler stated that Marie Shaffer of Pavlakis Realty was also interested but needed more information. Tooker will contact Ms. Shaffer and Mr. Scott and sent them both the appropriate information. After some discussion, Director Ela moved to defer this topic for one month. Director Wheeler seconded the motion and it passed unanimously.

COLORADO WATER CONGRESS PARTICIPATION: Tooker contacted Dick MacRavey and Tom Pitts concerning the District's participation in the Colorado Water Congress Colorado River Project. Tooker said that participation in this group costs \$1,000 per year and allows for participation of any Board or staff member of the District. This participation also ensures that the District receives the information disseminated by the Colorado Water Congress. After a brief discussion, Director Garber moved to join the Colorado Water Congress for an amount up to \$1,000 since the total cost would be pro-rated for the rest of 1997 and rebilled at the \$1,000 membership cost in January 1998. Director Lewis seconded the motion. The motion to join the Colorado Water Congress passed unanimously.

AUGUST 19 RETREAT: Tooker stated that he had prepared a preliminary agenda that focuses the beginning of the Retreat on the development of a Mission Statement, possibly a Vision Statement, and then a Strategic Plan. Tooker further explained that he would like the opportunity to facilitate this portion of the meeting and also invite key staff to attend. No discussion or action took place on this item.

CADILLAC DESERT SERIES: As requested by Director Lewis, staff gathered information on the PBS Series entitled "Cadillac Desert" and included the material in the Board packet. Director Ela moved to purchase the video tape series "Cadillac Desert." Director Lewis seconded the motion and it passed unanimously. In this same vein, Director Wheeler questioned if it would be worthwhile for the District to subscribe to the publication out of Paonia, High Country News. After some discussion it was decided that staff would obtain copies of this publication for inspection by the Board members.

SEPTEMBER 17, 1997, BOARD OF DIRECTORS MEETING: Tooker stated that he had contacted each Director in regard to changing the September 17 Board meeting to September 24 because of scheduling conflicts. Director Lewis moved to change the September 17 Board of Directors meeting to September 24. Director Garber seconded the motion and it passed unanimously.

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AWARD OF GARAGE/SHOP PROJECT: Director Ela questioned the feasibility of having a garage/shop at the Charles A. Strain Water Treatment Plant site with the main office staying at 137 3rd street. In addition, a question was raised about the length of time that the garage/shop would be at a different location than the office. The consensus of the Directors was that as soon as the nanofiltration system was on line, the District would start plans for a new office to be located at the Plant site. After more discussion, Director Lewis moved to defer the acceptance or rejection of the bids until the next regularly scheduled Board meeting on August 20 when Tooker will have had a chance to review the submitted bids. Director Ela seconded the motion and it passed unanimously.

COLORADO DEPARTMENT OF TRANSPORTATION HIGHWAY 50 EXPANSION: Tooker explained that the Colorado Department of Transportation (CDOT) is planning to widen U.S. Highway 50 from 29 1/2 Road through Whitewater just past Blair Road and the 8" waterline that was installed earlier this year, with CDOT approval, is in conflict with the plans and will have to be relocated. Tooker stated that CDOT was aware that the waterline was constructed with their approval and that the line would be relocated at CDOT's expense. Tooker further stated that in addition to the 8" waterline, the District has a number of other minor conflicts as well as some potential improvements that can be made during this project. Tooker explained that District personnel were still reviewing the technical specifications and plans, however, the general feeling was that the District should be in a position to relocate the waterline between January and March of 1998 so that conflicts with the construction progress would be eliminated and the line would be completed before the summer demand. Directors questioned whether the District would need to rebid this project, use the Contractor that installed the line this year, or if CDOT would be responsible for putting it to bid. Tooker also stated that he would be meeting with CDOT Representative Tom Vaughn to work out many of these details and will report back to the Directors.

A.G. EDWARDS INVESTMENTS: Tooker stated that Bob Czarnecki from A.G. Edwards had recently informed him that the A.G. Edwards Company had issued a new internal policy prohibiting their offices from issuing any GNMA's, FNMA's, or FHLMC's to public entities because their maturity dates exceed five years and there was confusion on the part of the investors between the Maturity Date and the Estimated Average Life of a Collateralized Mortgage Obligation (CMO). Tooker said that he had drafted a letter to be sent to A.G. Edwards stating that the Clifton Water District was aware of the responsibilities and liabilities of investing in CMO's and that the District was requesting that A.G. Edwards reconsider their policy and/or provide a variance for the Clifton Water District to utilize these types of investments in our portfolio. Director Garber questioned if there were other investment firms that the District could purchase CMO's from. Tooker stated that there indeed were other companies that would sell CMO's to the District and he had already contacted one such firm. After much discussion it was the consensus that the Directors understand the CMO market and that Tooker should investigate other firms that would be able to sell this type of investment to the District. In addition, Director Lewis requested a print-out according to maturity date of all of the GNMA's, FNMA's, and FHLMC's currently in the District's portfolio.

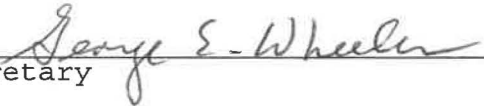
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REGISTRATION FOR SDA CONFERENCE: Tooker questioned which of the Directors would be attending the SDA Conference to be held in Estes Park on September 17 through September 19. Director Lewis and Director Ela stated that they each had conflicts with that date.

Director Wheeler moved to adjourn the meeting. Director Lewis seconded the motion and it passed unanimously.

The meeting adjourned at 9:27 p.m.

ATTEST:


Secretary









MINUTES OF THE RETREAT OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT

Held August 19, 1997

Present were Chairman Ballagh, Vice-Chairman Ela, Treasurer Garber, Secretary Wheeler and Director Lewis. Staff present were Dale Tooker, Larry Robinson, Tom Shawler, Shirley Weaver, and Cindy Day-Biondich.

Acting Manager Tooker facilitated the day by aiding Board and staff in the development of a Mission Statement, a Vision Statement, and a Strategic Plan. The group developed the following Mission Statement for the Clifton Water District.

The Clifton Water District is committed to provide water that meets or exceeds mandated standards at a reasonable cost with fair and courteous service.

The Vision Statement developed for the District is as follows:

Educated Customer Satisfaction

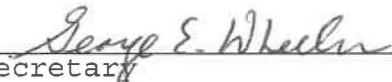
A Strategic Plan for the District was developed for immediate action as well as a five-year plan. The group identified the critical issues facing the District. In addition, the group developed a series of goals to be achieved for each issue. Staff will now be directed to develop objectives and a time frame to implement the Strategic Plan.

Tooker explained the graphs and tables that he had presented to the Board in regard to District growth, the Whitewater system, Purdy Mesa Livestock Water Company, and the treatment plant.

Director Garber moved to amend the Water Usage Fee Policy to read that any amounts owing on an account equal to or less than 99¢ shall not receive the \$1.00 late fee. Director Lewis seconded the motion and it passed unanimously. Tooker will make said change in the Water Usage Fee Policy.

Director Ela moved to adjourn the meeting at 4:50 p.m. Director Lewis seconded the motion and it passed unanimously.

ATTEST:


Secretary









MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT

Held September 3, 1997

Present were Treasurer Garber, Secretary Wheeler, and Director Lewis. Chairman Ballagh and Vice-Chairman Ela were absent from the meeting. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Steve Rocha, Denny Dearden, and Jim Givin from Mt. Garfield Middle School.

Secretary Wheeler called the meeting to order at 7:30 p.m.

MINUTES OF AUGUST 20, 1997: Director Lewis moved to accept the minutes of the August 20, 1997, meeting. Director Garber seconded the motion. The motion to accept the minutes passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after discussions, Director Lewis moved to accept the express agenda as presented by Tooker. Director Garber seconded the motion and it passed unanimously.

Project 96-02 - Nanofiltration Project: Southwest Contracting is finishing up the interconnecting piping to the nanofiltration units in addition to the construction of the office and chemical storage area. John Peichel, Monty Bloustein, and Robin Chamberlin from Osmonics were on-site August 19 and 20 to perform computer training for the operators. Osmonics also sent a field technician to make minor field repairs and to repaint the skids during the week of August 25. Start-up has been rescheduled for the week of September 15. At the meeting, Tooker amended this start-up date to September 29.

Garage/shop Project: Acting Manager Tooker met with Ron Ashley from Ashley Construction on Thursday, August 21, 1997, and presented him with all of the appropriate paperwork to begin the construction of the garage/shop project. Ashley returned the required paperwork and Director Ballagh and Director Wheeler signed the Agreement and Acting Manager Tooker has completed the Notice to Proceed. Ashley began the construction project on Thursday, August 28, and he is estimating the project will take approximately 2 1/2 months to complete.

A.G. Edwards Investment Listing By Maturity Date: Included in the Board of Directors packet for the September 3, 1997, meeting is a listing of all GNMA's, FNMA's, and FHLMC's listed by maturity date as requested by the Board. Much discussion took place on this topic with the consensus of the Directors being to invite Bob Czarnecki from A.G. Edwards and Mike Nelson, the District's accountant, to the October Board meeting. Mr. Czarnecki will present the current status of the District's investments. Mr. Nelson will be invited to discuss any new accounting and reporting procedures for the District's investments. Tooker will request from Czarnecki a listing of the current investments with their firm yields.

Whiting Brothers Grand Mesa Reservoir Water: John Whiting was contacted on August 26 concerning the price of Grand Mesa Reservoir water. Whiting wanted to have the opportunity to talk to his brothers concerning a price for the water and will call Tooker at a later date.

Cadillac Desert Series: The four-part Cadillac Desert Series has arrived and is available for Board members wishing to view it.

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Strategic Plan: The Strategic Plan developed at the August 19 retreat is being written and will be completed and presented to the Directors at the September 24 meeting.

Colorado Water Congress: The District is now a member of the Colorado Water Congress Colorado River Project and has received its first mailing.

Filter-to-Waste Equipment: As directed, Tooker contacted the Special District Association concerning the requirements involved in purchasing the Filter-to-Waste System. It was confirmed that only construction items greater than \$25,000 need to be put to bid. An order has been placed for the equipment.

STATUS OF DISTRICT'S ORCHARD MESA PROPERTY (TABLED 6-4-97, 7-2-97, AND 8-6-97): Tooker stated that he had contacted both Marie Shaffer and Ward Scott concerning the Orchard Mesa property. Both parties expressed interest in listing the property for the District. Tooker said estimates were given for the property. However, all of the realtors contacted indicated that the asking price could be increased if the District were to provide a general plan for development of the area. Tooker recommended that the Board should select a realtor (Ward Scott, Marie Shaffer, Jim Dyer, or John Nelson) and have the realtor prepare the plan before the property is listed. The consensus of the Directors was to put this on the agenda for the September 24 meeting for a full Board discussion.

MT. GARFIELD MIDDLE SCHOOL OUTDOOR CLASSROOM ANNUAL PLAN: Tooker reiterated the memorandum to the Board of August 28, 1997, wherein he pointed out and differentiated between the Overall Plan and the new Proposed Projects of the Mt. Garfield Middle School Outdoor Classroom. In addition, the memorandum included staffs recommendations concerning the Proposed Projects list. Tooker stated that Mt. Garfield Middle School has been on hold and is initially seeking the approval of the Overall Plan for the 1997-98 school year. The Directors questioned the Overall Plan, in particular the Archeological Dig Site and the Water Sampling and Testing Projects. Tooker stated that the staff had evaluated the Overall Plan in regard to its interference with current and future District activities at the water treatment plant. It was staffs recommendation that the Overall Plan, including the Archeological Dig Site and the Water Sampling and Testing Projects would not pose an interference to District operation. It was also pointed out that the Archeological Dig Site is a project that has been on-going for some time and is different than the Proposed Indian Ruins and Adobe Brick Construction Project. After considerable discussion, it was the consensus of the Board to allow Mt. Garfield Middle School to continue with the Overall Plan for the 1997-98 school year as submitted. Director Garber then asked the representatives from Mt. Garfield Middle School if there were any projects on the Proposed Project list that are a priority and need to be addressed immediately. Mr. Rocha stated that the replacement of the foot bridge for safety reasons was his highest priority. After a short discussion, Director Garber moved to approve the foot bridge replacement. Director Lewis seconded the motion and it passed unanimously. Director Lewis moved to defer further action on the Proposed Projects until the next meeting when all of the Board members may be present. Director Garber seconded the motion and it passed unanimously.

95CW296 AND 95CW297 - CWCB INSTREAM FLOW: Tooker summarized his memorandum and the attachment of the Statement of Policy Regarding Recovery Program. The Statement is a very good summary of the reasons why the District is in opposition to 95CW296 and 95CW297. Tooker also stated that at this time, the Colorado River Water Conservation District has not made a stand on the Statement of Policy Regarding Recovery Program or 95CW296 and 95CW297. After reviewing portions of the Statement of Policy Regarding Recovery Program and after some discussion, Tooker stated that this was information and that there was no Board action necessary.

COLLBRAN PROJECT: Tooker stated that the Directors have all of the information he has obtained concerning the Collbran Project and there is no new information on this item at this time. It was the consensus of the Director's to keep this item on the agenda in case further action is necessary.


REVIEW ACTING MANAGER'S PERFORMANCE: The consensus of the Directors was to defer this discussion until the next meeting. Director Lewis stated that he, Director Ballagh, and Cindy Day-Biondich had met and prepared the advertisement for the position of Manager for the Water District for submittal to several publications. The deadline date for applying is November 7, 1997. Director Lewis also stated that the decision for interviewing applicants should take place immediately after that date.

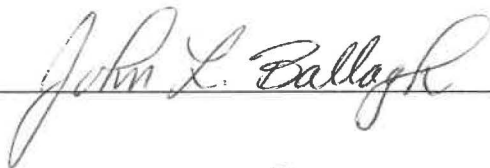
OTHER NEW BUSINESS: Some discussion took place concerning the District Christmas party for this year and the grand opening for the nanofiltration plant. The nanofiltration plant open house has been tentatively set for Thursday, October 16. Tooker suggested that the September 24, 1997, Board of Directors meeting convene at the nanofiltration plant for a brief tour and then reconvene at the office for business matters. It was the consensus of the Directors that this was acceptable. Director Garber stated that he had a potential replacement for Director Ela that he would like to invite to the next meeting.


Director Garber moved to adjourn the meeting. Director Lewis seconded the motion and it passed unanimously.

The meeting adjourned at 9:23 p.m.

ATTEST:


Secretary







**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held September 24, 1997

Present were Chairman Ballagh, Secretary Wheeler, Treasurer Garber, and Director Lewis. Staff present were Dale Tooker, Larry Robinson, and Cindy Day-Biondich. Guests present were Mary Huber, Paul Teal, Bob Czarnecki from A.G. Edwards, and Mary Brenes of Chadwick, Steinkirchner, Davis, and Co., P.C., the District's accountants.

Director Ballagh noted that in accordance with C.R.S. 32-1-903(2), notices had been posted stating that the Board would convene this meeting at the Charles A. Strain Water Treatment Plant at 6:30 p.m. for a tour of the nanofiltration plant and reconvene at the District Office at 137 Third Street upon completion of the tour.

The meeting was called to order at 6:30 p.m. at the Charles A. Strain Water Treatment Plant. After a tour of the new facilities, the meeting reconvened at the District Office at 7:50 p.m.

GUESTS: Director Ballagh introduced Mary Huber, a District customer that is concerned about the Clifton Water District and particularly in reference to Ute Water and if they would have any claims on the District's water rights.

MINUTES OF SEPTEMBER 3, 1997: Director Wheeler moved to accept the minutes of the September 3, 1997, meeting. Director Garber seconded the motion. On page 2 under Mt. Garfield Middle School Outdoor Classroom Annual Plan, line 13 should read, "...staff's recommendation that the Overall Plan, including the...". The motion to accept the minutes with said correction passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Garber moved to approve the financial report paying the \$37,244.02 as shown on the report, \$31,956.95 as itemized on the supplemental report, a transfer of funds of \$12,400.00 and \$71,362.22 from the ColoTrust account to pay for invoices related to the nanofiltration plant. Director Lewis seconded the motion. After a lengthy discussion, the motion to approve the financial report passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items and, after some discussion, accepted the express agenda as presented by Tooker.

Project 96-02 - Nanofiltration Project: Electricians are working on the power supply and wiring of the NF skids. Southwest Contracting is still concentrating their efforts on the interconnecting piping and tying up the odd jobs of the project. Start-up of the nanofiltration plant has been scheduled for September 29 and the open house has been tentatively scheduled for Thursday, October 16.

Project 97-01 - Garage/Shop Project: Ashley Construction has been working on the compaction and fill material for the foundation and slab and should begin to form the footer and foundation the week of September 15.

CDOT Highway 50 Expansion: Staff is re-evaluating the complete replacement of the 8" waterline. After considerable staff discussion and evaluation, it was determined that there was a potential to not replace the entire 8" water line and only replace those areas that are in direct conflict with the expansion. Staff will be taking a closer look at the feasibility of this in hopes of satisfying the District's needs and reducing the overall cost. A partial replacement of the line would not require the time and expense of bidding the project. CDOT has requested an estimate of the cost of replacing the pipeline which will be determined by which choice of replacement we choose. Staff recommendations should be completed by October 1.

CDOT Replacement of the Clifton Viaduct on State Highway 6: Tom Vaughn from CDOT delivered preliminary plans for replacing the railroad overpass over State Highway 6 east of 33 Road. The plans are preliminary and this is informational at this time. There are facilities that will have to be moved in that area.

Purchase Whiting Brothers Grand Mesa Water: John Whiting has not contacted Acting Manager Tooker on this subject.

Purdy Mesa Livestock Water Company: Acting Manager Tooker has contacted Bob Black from PMLWC. Black informed Tooker that Rod Bonnell has been temporarily transferred out of town and Black will be getting information from Bonnell and will be scheduling a meeting with Tooker at a later date.

AirTouch Cellular Antenna Project Update: According to our contract, we received \$1,500 in April from AirTouch Cellular. On September 12 representatives of AirTouch Cellular began preliminary construction on the project to install the cellular antenna on the North Tank.

DISTRICT'S INVESTMENTS AND STRATEGIES: Bob Czarnecki was introduced to discuss the District's investment's in Collateralized Mortgage Obligations (CMO's). Czarnecki talked about the District's risks involved with their CMO's and explained what percentage of the District's invested monies are invested for different time periods. Czarnecki left at 8:30 after a 25 minute discussion.

APPOINTMENT OF NEW DIRECTOR: Director Garber stated that before going any further on the business at hand, he would like to move that the Board appoint Paul Teal to fill the vacancy left by William Ela. Director Lewis seconded the motion. Mr. Teal gave a background on himself since 1972 when he moved to the Valley from the Denver area. After a discussion about the fact that he would have to go through the election process in May of 1998, the motion to appoint Paul Teal to the Board of Directors of the Clifton Water District passed unanimously. Director Lewis presented the Oath of Office to Mr. Teal which both of them signed.

MARY BRENES: Mary Brenes from Chadwick, Steinkirchner, Davis, and Co., P.C., the District's accounting firm, took the floor at 8:40 p.m. She explained to the Directors the different procedures that will be required because of GASB31 for the District's audit in regard to their investments. GASB31 will not take effect until 1998. According to this new regulation, the District must show investments at market value versus the book value based on the December 31 market. In addition, Ms. Brenes explained the requirements to show the investments do not represent an actual loss or gain, it is strictly a reporting requirement, and a gain or a loss will not be realized unless the investment is cashed in on that date. Brenes left the meeting at 9:03 p.m.

MT. GARFIELD MIDDLE SCHOOL OUTDOOR CLASSROOM ANNUAL PLAN: Tooker reiterated his memorandum that was included in the Board packets for the September 3 meeting. Tooker stated that staff was opposed to three projects presented in the Mt. Garfield Middle School Outdoor Classroom Proposed Projects list. Those projects were the Wetlands Observation Deck, the Archeological Mesa and Indian Ruins Village, and the Main Staging Area Restrooms. Tooker explained that staff evaluated these projects and opposed the projects based upon the Board's desire to prohibit the construction of permanent structures. During the discussion Director Ballagh stated that the Outdoor Classroom should be respecting the easements for the drainage and power lines that are on the west side of the District property. In addition, any re-vegetation project should not contain any noxious weeds as defined by Mesa County. After some discussion, Director Lewis moved to decline approval of the items that Tooker and staff were opposed to and to give staff discretion to approve the other items in the Proposed Projects list as long as no dirt was moved, nothing permanent was built, and nothing was planted. Director Garber seconded the motion and it passed unanimously.

STATUS OF DISTRICT'S ORCHARD MESA PROPERTY (TABLED 6-4, 7-2, 8-6, AND 9-3-97):

Director Ballagh reiterated Tooker's recommendation as stated in the Agenda Narrative to hire Ward Scott to represent the District in selling the Orchard Mesa property. Director Lewis moved that Ward Scott be selected to work with staff to prepare a general development plan for the Orchard Mesa Property with the intention of placing the property on the market before January 1, 1998. Director Wheeler seconded the motion and it passed unanimously.

CLIFTON WATER DISTRICT'S STRATEGIC PLAN: Tooker stated that a copy of the written Clifton Water District Strategic Plan 1998-2002 was included in the Board packets. Tooker gave a short verbal summary of the strategic plan and explained the next step in the process. Staff will begin to develop key strategies for each goal that was identified. The strategies to accomplish these goals will then be presented to the Board upon completion. Tooker also stated that there were goals that the strategies would have to be developed by the Board of Directors. No action was necessary on this item.

DIRECTOR ELA'S RETIREMENT: Tooker recommended that an open house for the nanofiltration plant be scheduled for Thursday, October 16, from 1 to 4 p.m. and that it was staff's suggestion to have the retirement gathering for William Ela the same day but later in the afternoon. Invitations will be sent to selected people for the gathering for Bill. Director Wheeler moved to have the nanofiltration plant open house for the public from 1 to 4 p.m. and the retirement celebration for Bill Ela from 5 to 7 p.m. with invitations being sent out for the retirement portion of the open house with a total cost not to exceed \$1,000. Director Lewis seconded the motion. Discussion took place about different ways to honor Mr. Ela's 37 years of service to the District. It was the consensus of the Directors that an appreciation plaque be presented to Mr. Ela as well as the possibility of the District planting a tree or presenting a bench on the riverfront trail in respect to William Ela's dedication to the District. Tooker will investigate these possibilities. The motion to have the open house and the retirement party for William Ela on October 16, 1997, from 1 to 4 p.m. and 5 to 7 p.m. respectively, passed unanimously. Tooker stated that in the Board packets he had presented a Resolution honoring William Ela for his service to the District that he thought should be adopted. Director Lewis moved to adopt the following Resolution as presented in form and amended by the Board.

WHEREAS William Ela has been persistent in his efforts of maintaining water quality and water quantity for the Clifton Water District customers; and

WHEREAS William Ela's efforts have been recognized by the Clifton Water District customers and Board of Directors; and

WHEREAS William Ela's ideals and principals have been incorporated into various Water District policies and decisions.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of the Clifton Water District express their appreciation for William Ela's efforts on behalf of all Clifton Water District water users.

BE IT FURTHER RESOLVED that this resolution be sent to William Ela as an expression of appreciation for his dedication to the Clifton Water District.

Director Wheeler seconded the motion and it passed unanimously.

1998 BUDGET: Tooker stated that the budget that he had presented to the Directors was a preliminary copy of the 1998 budget. Tooker further stated that he would like a discussion on the 1998 Budget at the October meeting. The consensus of the Board was for a discussion of the 1998 budget to take place at the October 15, 1997, Board of Directors meeting.

DEBRIEFING ON SDA MEETING: Directors Ballagh, Garber, and Wheeler attended the SDA meeting held in Estes Park from September 17 through September 20. Director Garber moved to table discussion of this topic until the October 15 meeting. Director Wheeler seconded the motion and it passed unanimously.

OTHER NEW BUSINESS: Director Ballagh stated that because the other two items on the agenda were executive session matters that the Chair would hear other new business prior to entering into executive session.

Director Wheeler moved to have staff contact Superior Alarm to install an alarm system in the nanofiltration plant that is complementary to the alarm system in the rest of the plant. Director Garber seconded the motion and it passed unanimously. In addition, staff will investigate the possibility of extra security for the control room.

Director Wheeler questioned the status of being able to relocate Bill Bellman's residence from the District's property on 34 Road. A discussion ensued wherein Tooker stated that staff was still working on different possibilities which include relocating Mr. Bellman to Ms. Nichols' property, moving the abandoned cabin in front of the treatment plant for Mr. Bellman to live in, and/or cleaning up and fencing the area. It was the general feeling of the Board that Mr. Bellman's area at least needs to be cleaned up prior to the increased activities of the nanofiltration plant and the construction of the new office. In addition, concern was expressed about the safety of having Bellman's residence in that area when the excavation of the gravel starts. On the related subject, Tooker stated that Grand Junction Pipe had been into the office on September 24 and stated that they should be receiving their last permit during the following week and that they should begin preliminary work during the month of October. Staff will continue to work on a resolution to this problem.

Director Wheeler inquired about the status of the District increasing the insured value of the Charles A. Strain Water Treatment Plant as discussed in previous meetings. Tooker stated that the 1998 budget does reflect an increase in insurance for the plant, nanofiltration plant, and the garage/shop. Tooker has received rough estimates and will be requesting proposals from various firms for the policy renewal in May.

Director Wheeler questioned the validity of using the District's nanofiltration system as opposed to purchasing water from the City during the winter months as done previously by the District. Tooker stated that purchasing water from the City would negate the reason for building the nanofiltration plant. In addition, Tooker stated that Manager Schuster had prepared a financial comparison between the purchase of City of Grand Junction water, Ute water, or building the nanofiltration plant prior to the Board approving the building of the nanofiltration plant. Tooker also stated that he would compile this information for presentation to the Board at a later date. In addition, Tooker stated that a more firm understanding of the nanofiltration costs and economics will be available after the nano plant has been operating for a number of months. Tooker added that in addition to financial considerations, there were other drawbacks in receiving City of Grand Junction water. Tooker explained some of the physical and water quality issues that limit the supply of Grand Junction water being delivered to the District. Tooker will compile and present the information to the Board as requested by Director Wheeler.

PITNEY BOWES CONTRACT: Director Garber moved to enter into executive session to discuss the current Pitney Bowes contract for the District's mailing system equipment. Director Lewis seconded the motion and it passed unanimously. This discussion lasted until 11 p.m. at which time Robinson and Day-Biondich left the meeting.

REVIEW ACTING MANAGER'S PERFORMANCE: The Director's discussed this item while still in executive session.

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September 24, 1997
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At 12:05 p.m. Director Lewis moved to exit from the executive session. Director Teal seconded the motion and it passed unanimously. Director Garber moved to increase Acting Manager Tooker's monthly pay \$100 to \$4,354 per month. Director Lewis seconded the motion and it passed with Director Teal not voting.

Director Lewis moved to adjourn the meeting. Director Garber seconded the motion and it passed unanimously.

The meeting adjourned at 12:15 p.m.

ATTEST:

Paul Teal

John L. Ballagh

Greg E. Whalen
Secretary

[Signature]

Martin Garber

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held October 15, 1997

Present were Chairman Ballagh, Secretary Wheeler, Treasurer Garber, Director Lewis, and Director Teal. Staff present were Dale Tooker, Larry Robinson, Dave Payne, and Cindy Day-Biondich. There were no guests present.

The meeting was called to order at 7:30 p.m. The Directors signed bank signature cards authorizing Director Teal as a valid signature on the District's documents.

MINUTES OF SEPTEMBER 24, 1997: Director Garber moved to accept the minutes of the September 24, 1997, meeting. Director Wheeler seconded the motion. On the top line of page five, the minutes should read, "At 12:05 a.m., Director Lewis...". Also on page five, the last typed line should read, "The meeting adjourned at 12:15 a.m. on September 25, 1997." The motion to accept the minutes with said corrections passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Wheeler moved to approve the financial report paying the \$32,447.25 as shown on the report, \$39,591.40 as itemized on the supplemental report, a transfer of funds of \$12,400.00, and \$80,706.58 from the ColoTrust account to pay for invoices related to the nanofiltration plant. Director Garber seconded the motion. After some discussion, the motion to approve the financial report passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items. Discussion of Project 96-02 and Project 97-01 were moved to the beginning of Unfinished Business. Since there were no questions in the following express agenda, the items were accepted as presented by Tooker.

Status of District's Orchard Mesa Property: Acting Manager Tooker met with Ward Scott from Remax 4000 on Friday, October 10, 1997, to discuss the Orchard Mesa property and begin the general development plan.

AirTouch Cellular Antenna Project Update: During the month of September and the beginning of October, AirTouch Cellular began construction of the antenna on the 1 MG tank. A small pre-cast building has been set near the tank and crews will be attaching the antenna to the tank during the latter weeks of October. Acting Manager Tooker has requested an opportunity to inspect the interior of the tank upon completion of the installation to see if any of the activities have disturbed the interior coating of the paint. AirTouch Cellular has been notified that they will be responsible for any damage to the tank as a result of the installation.

Pitney Bowes Contract: Acting Manager Tooker has not contacted Pitney Bowes as of October 10 concerning their contract arrangements.

PROJECT 96-02 - NANOFILTRATION PROJECT: The nanofiltration project is coming to a conclusion with Southwest Contracting expecting to be finished by October 15, 1997. Start-up procedures have continued since September 29 with numerous Osmonics staff present. Testing of the multimedia and nanofiltration equipment is continuing and water has been produced by the NF skids. However, it has not been distributed to our customers. During a portion of the startup, a mishap occurred when testing. An automatic valve closed and caused a pressure surge resulting in a leak in the underground feed line to the multimedia filters. Southwest Contracting repaired the leak and staff is now evaluating the addition of a pressure relief system to alleviate this problem. Director

Garber questioned who was responsible for the leak. Tooker stated that this problem was out of the scope of the Osmonics contract and it was the responsibility of the District since all of the interconnecting piping was designed by District staff. Furthermore, Tooker added that the surge protection was overlooked in the original engineering and designing of the nanofiltration plant. Originally, staff's goal for the nanofiltration project was to keep the change orders below 5%. With recent changes during the start-up to correct a number of problems, the change orders will exceed 5%. At this time, the change orders are not expected to exceed 10% which is still substantially below the 20% contingency that was budgeted. In another issue, during the painting of the 1 MG blend tank, paint overspray contacted a number of vehicles including District vehicles as well as employee vehicles. Southwest Contracting has been issued a directive to bring this to closure before final payment is requested.

PROJECT 97-01 - GARAGE/SHOP PROJECT: After considerable "jumping through hoops" and resubmittal of plans to Mesa County, a building permit was secured. A change order in the amount of \$5,725.00 was required to relocate the septic system and to meet County requirements. Ashley Construction has completed the footer and foundation and installed the septic system. Ashley will begin backfilling the area during the week of October 13 and pouring the slab the week of the October 20. Tooker explained that originally the District had planned to build an office/shop together and that the septic system for that project had been approved. However, because the original design was insufficient and it had been revised and the septic system was moved to a different location, the District had to have an engineer design the new septic system. This had not been accounted for in the bid documents and a change order had to be issued before a building permit was issued.

1998 BUDGET: Tooker had presented a memorandum as well as a corrected 1998 budget in the Board packets. Tooker gave a brief description of the line items in the presented budget. Tooker highlighted numerous areas of the budget including the line item for office construction, construction of the retention pond, additional staff, and the CAS Plant Operational Expenses for the nanofiltration plant. After some discussion, it was the consensus of the Board that Tooker make corrections and resubmit the 1998 budget at the next regularly scheduled meeting for discussion. In the discussion of the budget, Tooker informed the Board that he had hired a full-time distribution employee that will be starting work on October 20.

CDOT HIGHWAY 50 EXPANSION: Tooker reiterated the memorandum that he had presented in the Board packet outlining the options that the District has for relocating the 8" waterline where it is in conflict with the Colorado Department of Transportation's Highway 50 Expansion Project. Tooker stated that after careful review, staff had decided that the most prudent, cost effective solution was to relocate the portions of the line that are in direct conflict with the CDOT project. Tooker stated that in order for the District to be reimbursed for the cost of relocating the line he would need Board approval to sign the CDOT Standard Utility Agreement as a representative of the Water District. Director Lewis moved to authorize Tooker to sign the CDOT Standard Utility Agreement. Director Teal seconded the motion and it passed unanimously. Tooker then recommended to the Board that they approve the Highway 50 relocation project (to be hereby known as Project 97-02) to be put out to public bid. Director Lewis moved to authorize staff to proceed with the recommendation to put the project of relocating the portions of the 8" waterline that are in conflict with CDOT's Highway 50 Expansion Project out to bid with details to be worked out by staff. Director Garber seconded the motion which passed unanimously.

WATER TREATMENT ALTERNATIVES: Tooker stated that most of the information contained in his memorandum about alternative water treatment methods had been previously presented and that at this time there was no new information that would contradict the previous findings of the District and the value of the nanofiltration facility. Tooker stated that after the nanofiltration system is up and running, staff will be able to evaluate the actual costs of operation and at that time he would present updated information to the Board in this regard.

DEBRIEFING ON SDA MEETING: Director Ballagh presented a written paper on the meetings he had attended at the SDA conference. Some discussion took place concerning his information pertaining to re-election, de-brucing, and the District remaining a Tier II member of the Utility Notification Center of Colorado. This item will stay on the agenda until Directors Wheeler and Garber present their information.

OTHER UNFINISHED BUSINESS: Director Lewis stated that he wanted Tooker to contact Attorney Bechtel concerning the District's rights for cleaning up the area where Mr. Bellman currently resides on the District's 34 Road property. Director Lewis stated that Mr. Bellman has a life estate to live there but he cannot commit waste on the property and the property needs to be cleaned up. It was the consensus of the Board to have Tooker talk with Betty Bechtel on this subject and report back to the Board.

CONTINUE "TURKEY" TRADITION: Tooker stated that in previous years the District had purchased a ham or turkey for the employees and Board members for Thanksgiving or Christmas and he would like to continue this tradition. Director Lewis moved to authorize staff to provide a turkey or ham for each employee and Board member for the holidays. Director Wheeler seconded the motion and it passed unanimously.

INVESTMENT MANAGEMENT FIRM: Tooker stated that, since the Directors had attended the SDA conference, he had received several calls from investment management firms wanting to handle the District's portfolio. Tooker stated that he had prepared a letter and a request for proposal (RFP) for the management of the District's portfolio. Tooker stated that all of the individuals that he had talked to felt that the District could employ the services of a management firm, pay their fee, and also increase the District's earnings on its investments. Tooker also added that a common element of discussion was the District's need to develop a Investment Policy as well as setting up a custodial account for the District's investments. After some discussion, Director Wheeler moved to authorize Acting Manager Tooker to send the letter and the RFP to several firms for their response. Director Lewis seconded the motion and it passed after more discussion.

CONSIDER PARTICIPATING IN CSAFE OR COLORADO SURPLUS ASSET FUND TRUST: Tooker explained that CSAFE is similar to ColoTrust and it offers comparable returns. It is Tooker's belief that the District may want to diversify some of its liquid funds rather than put them solely into ColoTrust. After some discussion, Director Lewis moved to defer this item until the District has chosen a financial advisor. Director Garber seconded the motion and it passed unanimously.

ATTORNEY INVOLVEMENT IN 95CW296 AND 95CW297: Tooker stated that in the past the cost of Attorney Ogle's participation in these water cases has been split between Orchard Mesa Irrigation District (OMID) and the Clifton Water District. OMID has now limited their Manager, Jim Rooks, to a \$100 per month contract for Mr. Ogle's representation in this issue. This means that the District will be paying for all of Mr. Ogle's

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representation except \$100. Mr. Ogle wanted to confirm the Board's desire to continue having him represent the District in these cases. Tooker also presented the Board with a quarterly summary of Attorney Ogle's billing for representation in these cases. Tooker added that Ogle's billing will increase for the next quarter since he and Ogle had attended numerous meetings concerning 95CW296 and 95CW297. Tooker continued by stating that at recent meetings with the Colorado River Water Conservation District (CRWCD), it looks as if the involvement of the opposers will be reduced because CRWCD has taken a positive stance regarding the Statement of Policy that was submitted to them in the July meeting by the opposers. Tooker will keep the Board informed on this matter. Director Garber moved to continue Mr. Ogle's representation of the District in water cases that are pertinent to the District. Director Lewis seconded the motion and it passed unanimously.

OTHER NEW BUSINESS: Tooker told the Directors that there would be a luncheon at the plant on Thursday, October 16, 1997, for the employees prior to the open house and he would like them to attend. Tooker also stated that planning for the open house and Director Ela's retirement was going well and that he would like Director Ballagh to present the plaques to William Ela at his retirement celebration.

Director Lewis moved to adjourn the meeting. Director Garber seconded the motion and it passed unanimously.

The meeting adjourned at 11:05 p.m.

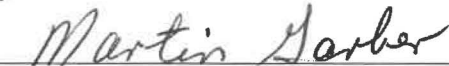
ATTEST:






Secretary





**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held November 19, 1997

Present were Chairman Ballagh, Secretary Wheeler, Treasurer Garber, Director Lewis, and Director Teal. Staff present were Dale Tooker and Cindy Day-Biondich. Guests present were Ward Scott with Remax 4000 and Joan and Bill Christopher.

The meeting was called to order at 7:30 p.m. Director Ballagh asked the Christopher's if they had something to present to the Board. Mr. Christopher explained that he and his wife were here just as interested citizens.

WARD SCOTT - REMAX 4000: A brief discussion took place concerning the need to enter into an executive session for the discussion with Ward Scott concerning the District's Orchard Mesa property. Director Garber moved to enter into executive session. Director Lewis seconded the motion and it passed unanimously. The Christophers were asked to leave the meeting for this presentation. Approximately 20 minutes later, Director Garber moved to exit from the executive session. Director Wheeler seconded the motion and it passed unanimously. The Christophers re-entered the meeting. Director Garber moved that the Board authorize Acting Manager Tooker to sign an Agreement with Remax 4000 and Ward Scott acting as the listing agent, to list the District's Orchard Mesa property at a price of \$149,900 for all three parcels totaling 46.21± acres. Director Lewis seconded the motion and it passed unanimously.

MINUTES OF OCTOBER 15, 1997: Director Garber moved to accept the minutes of the October 15, 1997, meeting. Director Wheeler seconded the motion. On page three under Investment Management Firm, the ninth line should read, "...that a common element of discussion was the District's need to develop an..." instead of "...develop a...". The first full sentence on page four should read, "Mr. Ogle wanted to confirm the Clifton Water District Board's desire to continue having him represent the District in these cases." The motion to accept the minutes with said corrections passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Lewis moved to approve the financial report paying the \$102,337.84 as shown on the report, \$7,299.92 as itemized on the supplemental report, a transfer of funds of \$12,400.00, and \$33,794.13 from the ColoTrust account to pay for invoices related to the nanofiltration plant. Director Garber seconded the motion. Director Ballagh asked Tooker to prepare an explanatory listing of the items on the Profit and Loss Statement. After some discussion, the motion to approve the financial report passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items. There was some discussion on the Manager's Report and the completion date of the garage/shop which is scheduled to be done by the first week in December. The following express agenda was accepted as presented.

Project 96-02 - Nanofiltration Project: Southwest Contracting and the construction aspect of the project was completed on October 15, 1997. Osmonics staff continued to troubleshoot equipment, communications, and computer control through the month of October. We began slowly blending nanofiltration water into the system and have been operating the nano plant regularly since the October 16 open house. We have had numerous positive comments from our customers.

Project 97-01 - Garage/Shop Project: The Project is moving along nicely. Ashley Construction has completed the concrete work as well as erecting the steel support members of the building. The Project is on schedule and Ashley Construction is doing an excellent job.

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Project 97-02 - Highway 50 Expansion Project: Project 97-02 was advertised in The Daily Sentinel on November 6, 7, and 8 and the contract documents have been sent to the Plan Rooms. We have had a number of contractors pick up plans and we are proceeding as scheduled for a December 12 opening of bids and a December 17 Award of Bid at the regularly scheduled Board of Directors meeting.

Purdy Mesa Livestock Water Company (PMLWC): Rod Bonnell has been unavailable to meet with Clifton Water District staff. Bob Black from PMLWC requested that staff send the District's requirements to him and Rod Bonnell in writing so that they may review them. A copy of the letter which was sent to Rod Bonnell and Bob Black is included in the Board of Director's packet of November 19, 1997.

Lease Income/Water Activity Enterprise: A letter from the District's accountant, Mike Nelson, is included in the Board packet of November 19, 1997. In his letter, Mr. Nelson states that the Clifton Water District is still a single purpose entity even though we are receiving lease income from the cellular antenna site and also the gravel pit operation. Since the District is a single purpose entity, the money received from the lease income should be shown in our normal budget and there is no need for a second budget for a Water Activity Enterprise.

1998 BUDGET: Tooker reiterated his memorandum to the Board explaining the changes in the 1998 Budget. Tooker recommended that the Directors consider increasing the funds for meter replacement to \$200,000. Tooker continued by explaining that Mark Dalley and Everett Austin were doing an excellent job in replacing the meters at a pace which is much faster than before. It was the consensus of the Board that Tooker increase the budgeted amount for meter replacements to \$200,000 for 1998. After more discussion, Director Lewis moved to set a budget hearing date for the 1998 Budget for 7:30 p.m. on December 17, 1997, and to authorize Tooker to publish notice of said hearing in accordance with C.R.S. 29-1-106 et. seq. Director Wheeler seconded the motion and it passed unanimously.

INVESTMENT MANAGEMENT FIRM: Tooker stated that he had presented packets of information to the Directors that he had received from several investment firms. Tooker stated at the last meeting an investment selection committee was discussed and the only action needed at this time would be to select members of the Board to serve on the committee. After some discussion it was decided that Director Wheeler, Director Teal, and Acting Manager Tooker would sit on the committee to review information from the investment firms and select the firms to be interviewed by the Board.

SDA DEBRIEFING: Director Wheeler presented information that he wanted staff to copy and distribute to each of the Directors. Director Garber had prepared a summary which he read to the Board members, and he also presented information to be copied and disbursed to each of the other Directors. Director Garber stated that he felt that the SDA Conference should be attended by all the Directors as well as either the manager or assistant manager of the District because there was so much information to be gleaned and that a few Board members could not attend all of the seminars. Director Garber also stated that he would like to go back to the old format of having a special meeting for Debriefing after the SDA Conference each year.

CONTRACT WITH MR. AND MRS. NICHOLS (BILL BELLMAN): Tooker stated that he had contacted Attorney Bechtel on this item to discuss the Agreement between the Nichols' and the District. Tooker stated that the only Agreement that was found by staff to be in existence between the Nichols' and the District was a Right of First Refusal which did not mention a life estate. The only reference to

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the Nichols' utilizing any part of the District property was present in the minutes of the regular Board of Directors meeting of July 13, 1981. After some discussion it was decided that Tooker will have a title commitment performed on the property and confirm whether there is a life estate for the Nichols' or not. Tooker will keep the Directors informed on this item.

OTHER UNFINISHED BUSINESS: Tooker stated that the specifications for the garage/shop project had not contained any monies for asphalt because at the time the project was bid it was unknown how much asphalt Southwest Contracting would lay in the completion of their project. Tooker informed the Directors that he had received bids for laying asphalt around the garage/shop ranging from \$6,900 to \$7,000. After some discussion it was decided that the District would wait until spring to lay the asphalt around the garage/shop.

PROJECT 96-02 - NANOFILTRATION PROJECT FINAL PAYMENT: Tooker stated that included in the packets was a summary of the original contract with Southwest Contracting, Inc. as well as a list of change orders for the Project 96-02 - Nanofiltration Project. Tooker stated that the notice for final payment was scheduled to be published in The Daily Sentinel on November 14, 21, and 28, 1997. Director Garber stated that according to C.R.S. 38-26-107, the District only needed to publish the notice for final payment two times and could make final payment 10 days after the second publication. Staff will confirm this before canceling the third publication. Director Wheeler moved that the District make final payment to Southwest Contracting, Inc. pending the second publication and the 10 day waiting period. Director Lewis seconded the motion. Tooker stated that the final payment would be \$89,646.06. The motion to make final payment to Southwest Contracting, Inc. passed unanimously.

GVICO ANNUAL MEETING IN DECEMBER: Tooker stated that the annual meeting of GVICo would be on December 6 at 1:00 p.m. at Grand Junction High School Auditorium and if none of the Board members wanted to attend the meeting they would need to sign the proxy card as provided by GVICo. Director Garber moved that the Directors sign the proxy card for GVICo. Director Lewis seconded the motion and it passed unanimously.

GVICO ANNUAL AUCTION IN DECEMBER: Tooker stated that the GVICo Annual Auction would be December 11 at 10 a.m. at the GVICo office and that in previous years the Board had authorized staff to attend the GVICo Auction and pay up to \$205 per share. Director Lewis moved to authorize Tooker to attend the GVICo Annual Auction and pay up to \$205 per share as long as the District created no ill-will while purchasing these shares. Director Wheeler seconded the motion and it passed unanimously.

EMERGENCY WATER RATES: Tooker stated that this item is in a tickler file for each year at this time for the Directors to discuss the possibility of emergency water rates to deal with drought situations. Tooker stated that he had no indication at this time that emergency water rates would be necessary for 1998. It was the consensus that this item remain in the tickler file for each year at this time.

OTHER NEW BUSINESS: Presented at the Board meeting to each Director was a memorandum from Acting Manager Tooker in regard to the District's On Call Procedures for staff in emergency situations. Tooker reiterated his memorandum stating that currently 911 emergency dispatch handles calling District personnel when a break or leak is reported. Tooker recommended that the District contract with an answering service to handle the District's telephone calls after hours and on weekends and that distribution personnel rotate carrying a pager on weekends. After some discussion Director Lewis moved that the District effectuate call forwarding for all after hours coverage and to use the present "calling tree" situation during week days and a pager system during the weekends. Director Wheeler seconded the motion and it passed unanimously.

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DISCUSSION ON 485 ½ ANJOU: Director Garber moved to enter into executive session. Director Wheeler seconded the motion and it passed unanimously. The guests left and the Board went into executive session.

At 10:30 p.m. Director Ballagh asked Tooker to leave the meeting for discussion on the search for a Manager for the District.

Director Lewis moved to exit from executive session. Director Wheeler seconded the motion and it passed unanimously.

The Board members were informed that someone had painted graffiti on the side of the Water District office. Staff will take measures to have the graffiti cleaned-up.

Director Lewis moved to adjourn the meeting. Director Wheeler seconded the motion and it passed unanimously.

The meeting adjourned at 11:00 p.m.

ATTEST:

George E. Wheeler
Secretary

Paul Teal

John L. Ballagh

[Signature]

Martin Garber

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE CLIFTON WATER DISTRICT**

Held December 12, 1997

Present were Chairman Ballagh, Secretary Wheeler, Treasurer Garber, Director Lewis, and Director Teal.

Chairman Ballagh called the meeting to order at 10:30 a.m. noting that it had been properly advertised in accordance with C.R.S. 29-1-106(3)(a).

Director Garber moved to enter into executive session to interview prospective personnel. Director Wheeler seconded the motion and it passed unanimously.

At 3:00 p.m., Director Wheeler moved to exit from the executive session. Director Lewis seconded the motion and it passed unanimously.

Director Lewis moved to reconvene this meeting at 8:00 a.m. on December 15, 1997. Director Teal seconded the motion and it passed unanimously.

On December 15, 1997, at 8:00 a.m., Chairman Ballagh reconvened the meeting.

Director Teal moved to enter into executive session to interview prospective personnel. Director Garber seconded the motion and it passed unanimously.

At 1:00 p.m., Director Wheeler moved to exit from the executive session. Director Teal seconded the motion and it passed unanimously.

Director Garber moved to reconvene this meeting at 5:00 p.m. on December 16, 1997. Director Teal seconded the motion and it passed unanimously.

On December 16, 1997, at 5:00 p.m. Chairman Ballagh reconvened the meeting.

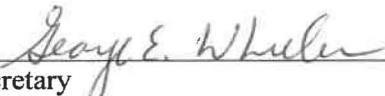
Director Lewis moved to enter into executive session to listen to presentations from portfolio managers. Director Garber seconded the motion and it passed unanimously.

Director Teal moved to exit from the executive session at 8:00 p.m. Director Wheeler seconded the motion and it passed unanimously.

After a short discussion of the presentations, Director Teal moved to adjourn the meeting. Director Wheeler seconded the motion and it passed unanimously.

The meeting adjourned at 8:45 p.m.

ATTEST:


Secretary









**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
CLIFTON WATER DISTRICT**

Held December 17, 1997

Present were Chairman Ballagh, Secretary Wheeler, Treasurer Garber, Director Lewis, and Director Teal. Staff present were Dale Tooker and Cindy Day-Biondich. Guests present were Bill and Joan Christopher.

The public hearing on the budget was called to order at 7:30 p.m. Chairman Ballagh noted that the meeting had been publically advertised according to C.R.S. 29-1-106(3)(a). Mr. Christopher asked a couple of questions in regard to the budget. When his questions were satisfactorily answered, the Christopher's left the meeting. Chairman Ballagh closed the public hearing on the budget and opened the general meeting of the Board of Directors.

MINUTES OF NOVEMBER 19, 1997: Director Garber moved to accept the minutes of the November 19, 1997, meeting. Director Wheeler seconded the motion. The motion to accept the minutes as presented passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE: Director Garber moved to approve the financial report paying the \$66,984.59 as shown on the report, \$47,390.50 as itemized on the supplemental report, a transfer of funds of \$12,400.00, and \$51,974.89 from the ColoTrust account to pay for invoices related to the nanofiltration plant and the garage/shop. Director Lewis seconded the motion. Tooker reviewed his memorandum to the Board of December 17, 1997, in regard to the breakdown of the bond proceeds. After much discussion, the motion to approve the financial report passed unanimously.

EXPRESS AGENDA AND MANAGER'S REPORT: The Directors reviewed the following express agenda items, and they were accepted as presented.

Project 96-02 - Nanofiltration Project: Final payment in the amount of \$89,646.06 was made to Southwest Contracting, Inc. on December 3, 1997. Osmonics has continued to work with staff on system programming errors and process problems. Final payment to Osmonics has not been made and will not be made until staff is satisfied that Osmonics' scope has been completed.

Project 97-01 - Garage/Shop Project: Ashley Construction is nearing the completion of the garage/shop project and will be submitting a pay estimate on December 12, 1997 and will be requesting a final payment after the actual completion of the garage/shop project which is scheduled for the week of December 15.

AirTouch Cellular Antenna: The construction of the cellular antenna on the north tank is nearing completion. All materials that are currently on the tank will be painted to match the tank and there is still some gravel and dirt work to be completed.

After some discussion, the Directors decided that the Vehicle Mileage information be dropped from the first page of the Manager's report.

1998 BUDGET: Director Wheeler moved to accept the 1998 budget as presented by Tooker. Director Lewis seconded the motion. After some discussion, the motion to accept the 1998 budget passed unanimously.

Director Lewis moved that the District adopt the Resolution of the Board of Directors of the Clifton

Water District Acting By and Through its Water Enterprise Activity, authorizing Chairman Ballagh and Secretary Wheeler to sign said resolution and allowing it to be submitted to the proper authorities. Director Garber seconded the motion.

A RESOLUTION APPROPRIATING SUMS OF MONEY TO THE VARIOUS ACCOUNTS, IN THE AMOUNTS AND FOR THE PURPOSES AS SET FORTH BELOW, FOR THE CLIFTON WATER DISTRICT acting by and through its WATER ENTERPRISE ACTIVITY, MESA COUNTY, COLORADO, FOR THE 1998 BUDGET YEAR.

WHEREAS, the DIRECTORS have adopted the annual budget for 1998 in accordance with the Local Government Budget Law, on the 17th day of December, 1997, and;

WHEREAS, the DIRECTORS have made provision therein to use a combination of revenues and reserves 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 to not impair the operations of the DISTRICT or its WATER ENTERPRISE ACTIVITY.

NOW THEREFORE, BE IT RESOLVED by the DIRECTORS of the CLIFTON WATER DISTRICT acting by and through its WATER ENTERPRISE ACTIVITY, Mesa County, Colorado that the following sums are hereby appropriated from the revenue and reserves of the WATER ENTERPRISE ACTIVITY, for the purposes stated below:

ESTIMATED BEGINNING BALANCE	\$ 2,109,883
 <u>ESTIMATED EXPENDITURES:</u>	
General Expenses	\$ 1,633,700
Wages & Benefits	
Exempt Wages	60,000
Non-Exempt Personnel Wages	479,223
Hourly Personnel Wages	36,426
Overhead & Benefits	191,800
Directors Fees & Overhead	5,790
Professional Fees	33,600
Operating Expenses	351,200
Office Expenses	95,300
CASWTP expenses, less Wage & Benefits	576,456
Emergency Fund	112,243
Principle and Interest	293,000
Contingencies	83,052
Reserve Fund	456,240
 TOTAL ESTIMATED EXPENDITURES	 \$ 4,408,030
 <u>ESTIMATED REVENUES:</u>	
Sale of Water	\$ 1,596,500
Sanitation District	9,000
City of Grand Junction	75,000
Penalty & Turn Fees	41,200
Plant Investment Fees	412,000
Availability of Service Fee	6,300
Interest	186,000
Property Taxes	0
Lease Income	16,000
Construction Reimbursements	78,331
Miscellaneous	3,500
 TOTAL ESTIMATED REVENUE	 \$ 2,423,831
From Reserves	1,984,199
 TOTAL FUNDS AVAILABLE	 \$ 4,408,030
 ESTIMATED ENDING BALANCE	 \$ 2,109,883

IT IS FURTHER RESOLVED, that there is appropriated from the funds of the DISTRICT acting by and through its WATER ENTERPRISE ACTIVITY, Four Million, Four Hundred Eight

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Thousand, Thirty Dollars (\$4,408,030) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 1998 or thereafter.

I hereby certify the forgoing is a true copy of a resolution adopted by the Board of Directors of the CLIFTON WATER DISTRICT acting by and through its WATER ENTERPRISE ACTIVITY at a regular meeting of the Board held on December 17, 1997. Said budget was displayed for inspection and notice of said display for inspection was duly published in accordance with C.R.S. 29-1-106.

The motion to adopt the resolution passed unanimously. Directors Ballagh and Wheeler signed the resolution, and staff will see that it is submitted to the proper authorities.

Director Wheeler stated that he has observed a trend to increase the budgeted line item "From District Reserves" to offset District expenses. It was Director Wheeler's opinion that the Board should evaluate the operational expenses and operational revenues and perform a rate evaluation in the near future. It was the consensus of the Board of Directors to allow the nanofiltration operational expenses to be compiled then evaluate the operational expenses and the District's water rates next year.

INVESTMENT MANAGEMENT FIRM: Tooker presented additional information to each Board member concerning the monthly reports provided by each of the investment management firms. After some discussion concerning the reporting information, Director Garber moved to employ Capital Investment Counsel, Inc. as the District's portfolio manager. Director Wheeler seconded the motion. After a lengthy discussion the motion to employ Capital Investment Counsel, Inc. as the District's portfolio manager passed with Garber, Teal, and Ballagh voting for and Wheeler and Lewis voting against. It was the consensus of the Board for Tooker to work with Chris Johnson from Capital Investment Counsel and Attorney Fry on a Contract for Capital Investment Counsel, Inc. to be the District's portfolio manager.

CONTRACT WITH MR. AND MRS. NICHOLS (BILL BELLMAN): Tooker presented the title commitment that was performed by Abstract Land and Title to the Board showing that there was no recorded documentation granting a life estate for the Nichols' on the District's property where Mr. Bellman currently resides. Tooker stated that it is his belief that if we gave Mr. Bellman notice to vacate the premises, there are other places for him to live. Director Lewis moved to notify the Nichols' and Mr. Bellman that the District was terminating their use of the property and that the termination would be effective June 1, 1998. In addition, the District would be willing to expend up to \$4,500 toward relocating Mr. Bellman. Director Garber seconded the motion. After some discussion the motion passed unanimously.

PITNEY BOWES CONTRACT and INDIAN CREEK ESTATES AGREEMENT: Director Lewis moved to enter executive session for discussion on these two items. Director Teal seconded the motion and it passed unanimously.

After approximately 30 minutes in executive session, Director Lewis moved to exit from the executive session. Director Wheeler seconded the motion and it passed unanimously.

Director Lewis moved to instruct the Acting Manager to have Attorney Bechtel write a letter to Pitney Bowes stating that the District is not bound by the current contract and demand to be released from the contract and that the District no longer desires to have any of the Pitney Bowes equipment. Director Wheeler seconded the motion and it passed unanimously.

AWARD 97-02 PROJECT BID: Tooker stated that the bid opening had taken place on Friday, December 12, 1997, at 4:00 p.m. at the Water District Office. Tooker stated that there were 16 bidders and Wood's Construction from Dolores, Colorado was the lowest bidder at \$79,670. In addition, Tooker stated that he had contacted several of the references provided by Wood's construction and had received positive references. Tooker recommended that the Board accept the low bid from Wood's Construction of \$79,670. Director Garber moved that the District accept the bid on Project 97-02 in the amount of \$79,670 from Woods Construction of Dolores, Colorado. Director Lewis seconded the motion and it passed unanimously.

AUTHORIZE FINAL PAYMENT TO ASHLEY CONSTRUCTION: Tooker stated that Ashley Construction should be completed this week with the garage/shop project and the final walk through and receipt of the certificate of occupancy is schedule for Thursday, December 18, 1997. Tooker stated that the change orders had come in at a total of less than 5% of the total bid. Director Wheeler moved that in accordance with C.R.S. 38-26-107, the District advertise the final payment for Ashley Construction and 10 days after the second publication of said notice make final payment to Ashley Construction. Director Garber seconded the motion and it passed unanimously.

GRAVEL PIT AGREEMENT: Tooker stated that a copy of the addendum to the Lease Agreement with Grand Junction Pipe and Supply Company had been included in the packets. Tooker stated that it was suggested by Attorney Krohn that this Agreement be executed and that the Board approve this addendum which states that conditions to initiate the lease have been fulfilled and the commencement date is October 8, 1997. Tooker explained that in paragraph 2 under the Agreement, item (i) required Grand Junction pipe to obtain a well permit for the State of Colorado which was obtained; (ii) required Grand Junction Pipe to receive a final decree for replacement or augmentation plan from the District Water Courts (this Agreement was signed by Judge Ossola on October 8, 1997); and (iii) was the commencement of the operation of the nanofiltration plant on October 15, 1997. Director Lewis moved that the president and secretary sign the addendum to the lease agreement with Grand Junction Pipe and Supply. Director Garber seconded the motion and it passed unanimously.

NEW WATER DISTRICT OFFICE CONSTRUCTION: Tooker stated that since the nanofiltration plant and the garage/shop were both completed, he would recommend that the District begin the planning process for the new office. After a brief discussion, Director Wheeler moved to table this discussion for at least a month. Director Garber seconded the motion and it passed unanimously.

AUTHORIZE BIDS FOR NEXT YEAR'S VEHICLES: Tooker requested that the Board authorize him to get bids for a 1998 four-wheel drive truck through the State of Colorado bid process. Tooker stated that the 87 GMC would be replaced with the new vehicle. The consensus of the Board was for Tooker to obtain bids for a 1998 four-wheel drive truck for the District.

DESIGNATE ELECTION OFFICIAL: Tooker stated that each year at this time the Board designates an election official to see to the needs of the upcoming election. Director Garber moved to designate the Manager of the Clifton Water District to be the 1998 Election Official. Director Lewis seconded the motion and it passed unanimously.

CONSIDER SERVING WATER TO ELK RUN ESTATES AS AN OUT-OF-DISTRICT SERVICE AREA: Tooker explained that DeLoss Proctor submitted a letter requesting that the Board consider including Elk Run Estates in the District's "out-of-District" service area. Tooker stated that Elk Run Estates is located immediately south of the BLM office and that the development is for 29 units on

147 acres. Tooker also stated that, based on his evaluation, the District could supply sufficient water for the development without jeopardizing the current customers. Director Lewis moved that the District serve Elk Run Estates as an out-of-District service area. Director Wheeler seconded the motion and it passed unanimously.

1997 AUDIT ENGAGEMENT LETTER: Tooker explained that each year the District signs an engagement letter for the annual audit. In previous years the District has contracted with Chadwick, Steinkirchner, Davis and Co., PC (CSD) to perform the audit, and the audit expense for 1997 will be \$3,800. Director Wheeler moved that the District sign the engagement letter with CSD. Director Lewis seconded the motion. Director Ballagh stated that he believed the District should put this item to bid sometime during the middle of 1998. The motion to sign the 1997 Audit Engagement Letter passed unanimously.

OTHER NEW BUSINESS: Director Garber moved that the District have a plaque made to commemorate the accomplishments of the nanofiltration building listing the appropriate people involved with the Project. Director Lewis seconded the motion and it passed unanimously.

Director Garber moved to enter into executive session for the discussion of hiring a District manager. Director Lewis seconded the motion and it passed unanimously.


Director Lewis moved to exit from the executive session at 11:40 p.m. Director Garber seconded the motion and it passed unanimously.

Director Lewis moved to offer Dale Tooker the position of Manager for the Clifton Water District at a monthly salary of \$4,577 effective December 18, 1997. Director Garber seconded the motion and it passed unanimously.

Director Lewis moved to adjourn the meeting. Director Wheeler seconded the motion and it passed unanimously.

The meeting adjourned at 11:50 p.m.

ATTEST:


Secretary



