

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held January 15, 1986
At Clifton, Colorado
At 7:30 p.m.

Present at the meeting were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Staff members present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. In addition to the Board and staff, Steve Isom and Skip Jodoin, President and Marketing Manager respectively for Eagle Metalizing and Coating Company were present.

Messrs. Isom and Jodoin requested that metalizing in accordance with AWWA standards be allowed as an alternate on the coating of the exterior and interior of the tanks that will be bid at the February 5th meeting. A 10 minute video show was part of the overall total 25 minute presentation. After the presentation Director Ela moved to allow zinc metalizing as an alternate to the painting of the tanks. The motion was seconded by Director Slogar and passed unanimously.

Bids were opened for the purchase of a 1/2 ton pickup by the Water District. The bids were as follows:

RECAP OF BIDS ON PICKUP TRUCK

<u>NAME</u>	<u>BID W/O TRADE</u>	<u>BID WITH TRADE</u>
Purchase Through State (Chev)	\$ 7,169.83	N.A.
Jim Fuoco Motor Co. (GMC)	\$ 9,420.46	\$ 8,620.46
Hoffman Motors, Inc. (Ford)	\$ 9,344.00	\$ 8,700.00
Western Slope Ford (Ford)	\$ 9,185.51	\$ 8,185.51
Bill Hellman Motor Co. (Ford)	\$ 8,790.00	\$ 8,290.00
Flower Motor Co. (Dodge)	\$ 9,980.00	no bid
Steve Westphal Chev., Inc. (Chev)	\$ 8,928.59	no bid

After the bids were analyzed, Director Ela moved to buy the pickup through the State Division of Purchasing and for the Superintendent to make all arrangements. The motion was seconded by Director Bolton and passed without opposition.

During the course of the study of the Financial Report, the Superintendent reported that at the end of 1985, the Clifton Water District had 1,063 shares of Grand Valley Irrigation Company Stock and with the purchase of the 53 additional shares through the Fruita State Bank would have a total of 1,114 shares.

Director Ela amended the December 18, 1985 minutes by requesting that the word "girls" be changed to "women" in the fourth line of the fourth paragraph on page 2 of the minutes. The other Directors agreed and President Fenner declared the minutes of the December 18, 1985 minutes be accepted as amended.

Director Ela stated that in matters pertaining to everyday business for the Superintendent to use his discretion and not to waste the Board's time as it appeared that the Board was "over directing". It was the general consensus of the Board that this was true and that the Superintendent would use discretion in supervising the District and when he overstepped his bounds he would be warned by the Board.

President Fenner questioned the last sentence on paragraph 3 of the December 18, 1985 minutes. This question precipitated a lengthy discussion concerning Public Employees Social Security. During the discussion, the Superintendent read aloud the three page letter from Attorney Bechtel dated January 8, 1986. It was generally agreed that there could be a conflict of interest if the Board accepted Director's fees by calling them consulting fees. Director Ela moved to pay all past Public Employees Social Security fees required by law

from funds of the District. The motion was seconded by Director Smith and passed on a vote of four affirmative and one negative. Director Bolton cast the negative vote.

One of the payments on the Report was a \$200 check to the Bureau of Reclamation for a "Right of Use Application" by the Clifton Water District to hang a pipe on the new G Road bridge crossing the Highline Canal and the new 33 3/4 Road bridge also crossing the Highline Canal. The Superintendent explained to the Board that the USBR requires the approval of a Right of Use Application prior to any work being conducted in their right-of-way. Director Ela moved to pay the Accounts Payable as listed on the Report plus eight other bills. These eight other bills were: \$32 to AWWA; \$10,653 to the Fruita State Bank; \$450 to Grand Valley Irrigation Company; \$608.17 to Grand Valley Rural Power Lines, Inc.; \$1,054.02 to the City of Grand Junction; \$110 to J.B.D. Drafting; \$841 to Warning Lites; and \$30,000 to Mesa Federal Savings and Loan. The motion was seconded by Director Smith and passed unanimously.

The Superintendent told the Board that all the work on Lois Street was complete and that he had issued a change order to include the installation of approximately 500' of 2" pipe on F 3/10 Road for the same unit price.

The Superintendent gave a brief description to the Directors of the proposal of the Whitewater Water Company. This proposal is as follows:

The Whitewater Water Company has 67 active taps. The Whitewater Water Company proposes to incorporate into the Clifton Water District and be charged \$1,500 for each of the 67 taps for a total of \$100,500. The Whitewater Water District will give the Clifton Water District the complete Whitewater Water system and the salvage rights to their plant, their chlorinator, etc. in exchange for a credit of 50% of the tap fees, leaving a balance of \$50,250. The Whitewater Water Company would then allow the Clifton Water District to charge them a minimum rate of \$18 per month for 3,000 gallons plus overage at the same rate charged In-District customers. The additional \$13 per customer would amount to an additional \$871 per month or an additional \$10,452 per year. This additional payment would go toward repayment of the \$50,250 balance owed on the tap fees at an interest rate of 8% for a period which could possibly be as long as 6 years.

Director Ela moved to accept the concept of the matter and to work out any particulars by discussion with the Whitewater Water Company and the Clifton Board of Directors. Included in the motion was the understanding that the Clifton Water District would not be responsible for fire protection, would have the boundaries of the Whitewater portion of the Clifton Water District defined and that the Whitewater residents would receive no better water service than they presently experience. The motion was seconded by Director Bolton and passed on a vote of 4 in favor and 1 against. Director Slogar cast the negative vote.

The Superintendent told the Board that he had 20 plan holders for the February 5th bid for repainting the tanks.

The second and final phase of the Unified Central Grand Valley Feasibility Study to be prepared by Black & Veatch Consulting Engineers was discussed at length. It was the general consensus of the Board that they need something more definitive from the first report before committing funds to finance the second report. The discussion of the merger in general was centered around cost of water to Clifton, the long-term far-sighted potential benefits to Clifton due to water quality, the ability of one or both of the other entities

to deliver water at an economical price to Clifton and in general almost every concept imaginable was discussed with the only consensus being the disappointment in the contents of the first report.

The Superintendent advised the Board that Attorney Bechtel may wish to use him as an expert witness in a pending suit between Mountain Bell and the City of Grand Junction. Director Ela moved to release the Superintendent on a leave of absence to be an expert witness in this pending suit as long as preparations for the trial are made on his own time. The motion was seconded by Director Smith and passed unanimously.


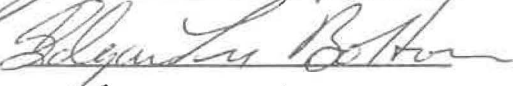


A request by the Grand Valley Irrigation Company that the Superintendent and some of the Board members of the Clifton Water District attend a joint meeting with the Grand Valley Irrigation Company Board on Thursday, February 6th at 10:45 a.m. was discussed. It was the general consensus of the Board that all members that could attend would attend and that the Superintendent was to remind the Board at the next scheduled meeting on February 5th of this meeting.

The Superintendent read aloud a letter from Dick Porter of 434 Lark Drive wherein he praised the efforts of the Clifton Water District in repairing a leak on a cold winter's night just before Christmas.

The meeting adjourned at 12:20 a.m., January 16th. The next scheduled meeting is February 5, 1986.


Secretary

ATTEST:

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held February 5, 1986
At Clifton, Colorado
At 7:30 p.m.

Present were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Also present were Superintendent Schuster and Chief Operator Blount as well as approximately eight painting contractors.

The meeting was called to order promptly at 7:30 p.m. and it was announced that the time for accepting bids for the repainting of the tanks was closed. President Fenner turned over the meeting to Superintendent Schuster. Superintendent Schuster opened and read aloud thirteen bids for painting three steel storage tanks and two buildings as specified in the Contract Documents dated December 23, 1985. The apparent low bidder was L S Painting, Inc. of Fruita, Colorado, with a bid of \$37,305.87. The second apparent low bidder was Maupin Sandblasting and Coatings Company of Strausburg, Colorado, with a bid of \$39,338. A bid recap will be constructed and copies sent to all Board members and all bidders. Director Ela moved to accept the bid of L S Painting, Inc. of Fruita, Colorado in the amount of \$37,305.87 provided that the Superintendent finds the arithmetic to be correct, and authorized the Superintendent to proceed with preparing the paperwork as required for the Contract, provided that a cap of \$1,000 for any required extra repair to the 1958 vintage 0.1 MG tank is not exceeded. The motion was seconded by Director Smith and passed unanimously.

Present in addition to the Directors, staff and bidders, were Chuck Strain, Fred Kuykendall and Dave Poda. The bidders took their leave at 8:10 p.m. and President Fenner gave Mr. Strain the floor. Mr. Strain prefaced his prepared remarks by suggesting to the Board that if they did not heed his concerns there may be a dramatic change in Board members at the May, 1986 election. The discussion centered around the operation of the District from August 1, 1984, to the present as well as the water rates just recently adopted by the Board and other ways to finance the five-year plan. Mr. Strain presented his position paper, which had been previously circulated to the Board. The Superintendent defended the water rate increase by a graphic presentation of the District's cash reserves and income for the last 10 years. The graphic presentation showed a decrease of cash reserves from \$2,232,928 at the end of 1981 to \$1,101,054 at the end of 1984. The discussion lasted until 9:55 p.m.

At that point Mr. Strain, who is also a member of the Palisade Irrigation District Board of Directors, told the Clifton Water District that they may receive a bill for \$10.50 for each parcel of land that they own that could be irrigated from water out of the Price Ditch. No action was taken.

The second phase of the merger study as being proposed by Black & Veatch Engineers was discussed by the Board and a letter from Doug Smith (an engineer employed by Black & Veatch) was read aloud by the Superintendent with the erroneous numbers in the letter being corrected as the letter was read. After 30 minutes of discussion, Director Bolton moved to not contribute any more funds to the merger study. The motion was seconded by Director Slogar and on affirmative votes from Directors Bolton and Slogar and negative votes from Directors Ela and Smith, there was a tie vote. President Fenner broke the tie by an affirmative vote thereby the motion carried, three to two. Director Bolton further moved for the Clifton Water District to not consider a merger with the Ute Water Conservancy District and the City under any conditions. The motion was seconded by Director Slogar and on affirmative votes from

Directors Bolton and Slogar and negative votes from Directors Ela and Smith, there was a tie vote. President Fenner broke the tie by a negative vote thereby defeating the motion, three to two.

The Superintendent announced that the City Manager requested a meeting between the Clifton Directors and the City Water Committee on February 10, 1986, at 7:30 p.m. at the Clifton Water Office. The Directors announced that they would be in attendance, provided that tonight's decision to not participate any further with funds for the merger study may effect the City Water Committee's interest in holding such a meeting.

The meeting with the Directors of the Grand Valley Irrigation Company scheduled for February 6th at 11:30 a.m. was discussed. There was a possibility that only the Superintendent would be able to attend due to the time of the meeting.

The Superintendent presented a proposed agreement and resolution to include that portion of the established Whitewater community that is now being served by the Home Water Company into the Clifton Water District. The Superintendent read aloud the proposed agreement and proposed resolution. The Directors wanted the payment for the material for the 13 air-vac valves to be the responsibility of the Home Water Company. The Board also wanted a one year warranty on the Home Water system prior to taking over the system. After considerable discussion, Director Slogar moved to table the Home Water matter for further study. The motion was seconded by Director Bolton and passed unanimously.



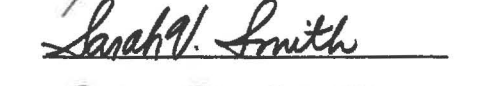

The Superintendent advised the Directors that: 1) by pumping 0.5 MGD of Plant #1's water into the system the hardness of the Colorado River water could be diluted and the total hardness in the system decreased; 2) the pump station could be constructed for a cost of approximately \$15,000. The Superintendent also requested that the matter be tabled until an affirmative response was received from the City as far as negotiating a long-term contract for Kannah Creek raw water.

Letters from Charles Atchison; Fred M. Kuykendall, Jr. and Jerry T. Otero were read aloud to the Directors by the Superintendent. No action required, no action taken.

The meeting adjourned at 11:55 p.m.


Secretary

ATTEST:

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held February 19, 1986
At Clifton, Colorado
At 7:30 p.m.

The Directors present were President Fenner, Vice President Smith, Secretary Slogar, and Director Bolton. The staff present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Martin Garber, President of the Home Water Company in Whitewater, Colorado was also present.

The meeting was called to order at 7:30 p.m. by President Fenner and the Board went over the Financial Report for the next 25 minutes with Office Manager Kay responding to the Board's questions. In looking over the minutes, Chairman Fenner wanted two items in the minutes of the February 5, 1986 meeting corrected prior to declaring them approved. One of the items was the second sentence of the second paragraph on the second page of the February 5th minutes which was changed to read as follows: "the Directors would be informed by the Superintendent if the City still wanted the February 10th meeting and at that time would announce whether or not they could be in attendance." The next item was the content of the letters that were mentioned in the sixth paragraph on page 2 of the February 5th minutes.

The letter from Charles Atchison was a complaint to the Board about being charged a late penalty and criticized the Board for not taking into consideration the feelings of individuals within the District. The letter from Fred M. Kuykendall, Jr. was a complaint to the Board about the 44.8% increase in water rates that he would have to pay at the KOA Kampground in Clifton due to the water rates that were put into effect September 1, 1985. The letter from Jerry T. Otero put the District on notice that suit may follow due to the injury of Mrs. Snyder who resides at 601 Susan Street in Clifton.

Director Smith noticed that the word "additional" in the indented paragraph on page 2 of the January 15, 1986 minutes was misspelled. The minutes of the January 15, 1986, and February 5, 1986, meetings were approved as corrected.

Director Smith moved to approve the Accounts Payable as shown on the Report plus six other bills not shown on the Report. The six other bills were \$642.48 to Grand Valley Rural Power Lines, \$6.01 to American Safety Supply, and refunds of \$101.45 to Bray & Company, \$19.00 to Joe Pifer, \$10.00 to Real Estate Management, and \$27.25 to Verex. The motion was seconded by Director Slogar and passed with one negative vote. Director Bolton cast the negative vote saying that the District had spent too much money in January. The Financial Statement was thoroughly discussed and approved as discussed among the Directors and Office Manager Kay.

The Home Water Company of Whitewater, Colorado was thoroughly discussed with Directors Bolton and Slogar being against any variance to the current District policy with Director Smith being in favor of variances to the policy to allow the established Whitewater Area to be included into the Clifton Water District. Director Fenner requested Home Water Company to pursue the possibility of a loan or grant to pay for the tap fees. After 45 minutes of discussion it was the consensus of the Board to look at the possibility of changing District policy to allow Home Water Company to be included in the Clifton Water District without a variance.

Director Fenner started asking some very specific questions and getting some very specific answers. His intent was to sort out the problems. Director Fenner summarized the feelings of the Board by saying that the District should change their policy to allow contractors (this may be broadened or narrowed in the actual policy, depending upon the wishes of the Board) to put in their own water system in accordance with the specifications and under the inspection of

the District; the contractor to transfer rights of ownership to the District; the contractor to warrant and guarantee the water system, materials and workmanship for a period of one year; pay Clifton Water District one half of the fees in effect at that time; receive a credit for the other half of the fees for the construction of the new system; then the District would take the contractor's system into the Clifton system and serve water under District policies to the new system. In further discussion it was the consensus of the Directors that the above approach was agreeable based on the logic generated. The Directors also requested that a new policy be developed to allow for a longer period to pay for tap and subunit fees. However, all tap and subunit fees must be "due on sale", that is, upon the change of ownership of the property all fees relating to the water must be paid. This would require the Clifton Water District to register with the records in the Mesa County Courthouse any agreements we have allowing a tap to be installed without full payment. After an acceptable policy has been determined, the Directors may reconsider the Home Water Company's situation. The new policy and reconsideration of the Home Water request is scheduled for the regular meeting of March 5th. Martin Garber left the meeting at 9:45 p.m.

The Superintendent brought up a request to consider the purchase of Green Mountain Reservoir water to hedge against drought years in the future. The Superintendent's recommendation was to not purchase Green Mountain Reservoir water at this time as payment would have to be made whether Green Mountain Reservoir water was used or not. The matter was tabled until Director Ela could be present to enlighten the Board on the history of the Green Mountain Reservoir and his perception of the operations of the reservoir. The Superintendent advised the Directors that if the same amount of summer water was required in 1986 as was used in 1985, the cost to pump this water from the river would be \$3,940, this cost did not take into consideration the wear and tear on the pumps. The Superintendent also advised the Board that to transport 8.0 MGD (approximately 12.4 cfs) of decreed water in the Grand Valley Canal would cost \$7,172. After careful consideration, which included the cost effectiveness of pumping versus gravity, the wear and tear on the pumps, the setup of the power for the standby diesel generator and public relations with the Grand Valley Irrigation Company, Director Bolton moved to allow the Superintendent to request the Grand Valley Irrigation Company to transport 12.4 cfs of decreed water in the Canal for the summer 1986 raw water requirements. The motion was seconded by Director Slogar and passed unanimously. The Superintendent reported on the February 6th meeting with the Board of Directors of the Grand Valley Irrigation Company and their attorney's concern over Clifton opening up discussion concerning the Grand Valley Canal Water Rights, by requesting the change of use from irrigation to domestic and irrigation of the District's shares in the Company. Director Ela, present at the Feb. 6th meeting, told the GVI Co Directors that our action was taken after receiving letters from the GVI Co. and their attorney. Director Bolton indicated that he thought the GVI Co.'s concern was unfounded and that the District did the right thing by requesting this change of use. The other three Directors were not as firm in their convictions on this matter as was Director Bolton.

The Superintendent advised the Board that he would not be an expert witness for the Mountain Bell vs. City of Grand Junction suit as it had been settled out of court. The Superintendent also advised the Board that Mountain Bell had


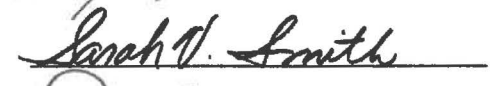
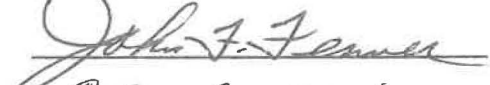

initiated suit against Clifton concerning a 100 pair cable repair at E 1/2 and 31 3/4 Roads near a District valve box. The Superintendent advised the Board that the previous Superintendent would not allow the claim and thought that the District had sufficient evidence to win the case and had the District's insurance company involved in the case. It was the Superintendent's thoughts that he did not want the insurance company to pay off the claim as he believed it could be proven that the District was not involved in the telephone cable break.

Director Fenner brought up the District's five-year plan and thought that the District should not replace or construct any line that was not absolutely necessary. The Superintendent advised the Directors that the five-year plan was intended to be very flexible and under the current economic conditions that the five-year plan probably could be cut back. This discussion went on to revenue from water sales and revenue from an ad valorem tax. The Superintendent was directed to submit several different water rate scenarios to the Board of which most would be water sold at a set rate per thousand gallons, regardless of the amount of consumption and others would be including the decreased water rates when supplemented by the maximum mill levy that could be levied by the District. The Superintendent was to use imagination in determining suggested water rates and submit as many possibilities as he thought the Board would want to consider.

The meeting adjourned at 11:15 p.m.


Secretary

ATTEST:

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held March 5, 1986
 At Clifton, Colorado
 At 7:30 p.m.

Board members present were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Staff members present were Superintendent Schuster and Chief Operator Blount. Also in attendance was Martin Garber, President of the Home Water Company in Whitewater.

The meeting was called to order by President Fenner. Director Bolton opened the discussion by recommending that the District cut costs, economize wherever possible and consider other innovative cost cutting measures. The Superintendent countered Director Bolton's suggestion by saying that the District is now being operated as efficiently as he feels is possible and that the cost of providing water in 1985 was \$85,000 lower than the cost of providing water in 1984. Director Smith agreed with the Superintendent on the efficiency of the operation of the Clifton Water District.

Upon questioning from Director Bolton, the Superintendent told the Board that approximately \$60,000 per year could be realized with a levy of 1.3 mills on property within the District and that if all taps were assessed a \$5.00 per month minimum fee, regardless of whether there was a meter in the pit or not, the District could realize approximately another \$84,000 per year. The Superintendent also told the Board that, in round numbers, it cost about \$3.27 per tap per month for debt service and approximately \$3.58 per tap per month for other expenses making a total of \$6.85 per month per tap in just cost whether water was used or not (this did not include any expense for Plant #2).

At the previous meeting the Superintendent was instructed to review the water rates and provide the Directors with some alternate water rates that would generate the same annual revenue but decrease the burden on the high volume users. The Superintendent provided the Directors with eight different rate structures for consideration. The synopsis of these rate structures is as follows:

Variations of Proposed Water Rates

Item	Minimum Charge	Minimum Gallons	Charge per Thou. for Excess	Estimated Monthly Revenue	Remarks
1.	\$5.00	3,000	existing	\$83,180.00	These are our present rates which penalize users of over 30,000 gallons per month.
2.	6.40	3,000	\$1.10 to 10 \$1.25 over	88,535.00	The present City rates.
3.	6.40	3,000	\$1.10	84,500.00	City rates adjusted to a constant \$1.10 per thousand.
4.	7.35	3,000	0.95	84,200.00	This is selling water at our <u>present cost</u> to all users.
5.	6.00	3,000	1.10	84,360.00	Increase minimum for small users and decrease for larger users.
6.	5.80	3,000	up to 10,000 same as now \$1.05 per thou. over 10,000	81,935.00	Increase for small users, considerable relief for larger users.
7.	5.50	3,000	1.15	84,165.00	Slight increase for small users and relief for large users.
8.	5.50	3,000	1.10	81,745.00	Too low. Marginal income.

After 1 3/4 hours of discussion, during which Director Bolton insisted that all paid taps bear some responsibility for the day-to-day operation expenses, Director Ela moved that the minimum rate for all paid in-district taps be as follows:

<u>Tap Size</u>	<u>Minimum Usage</u>	<u>Minimum Monthly Charge</u>
3/4"	3,000 gallons	\$ 5.00
1"	8,000 gallons	10.75
1 1/2"	14,000 gallons	17.65
2"	24,000 gallons	29.15
3"	42,000 gallons	49.85

Plus ^{1.15}~~1.25~~ per thousand for all water in excess of the minimum. Those multiple units on the Grandfather Clause would continue to pay an additional \$2.50 per month and out-of-district taps would pay 1.5 times that of in-district rates.

These rates to become effective April 1, 1986, provided that the attorney for the District determines that the minimum charge as tabulated above can be defended. The motion was seconded by Director Slogar and passed unanimously.

The Superintendent presented the proposed change in District policy as he was instructed to do by the Directors at the previous meeting. Director Slogar moved to adopt the policy and that it be effective March 5, 1986, provided that the language in subparagraph 6 of Paragraph B include a provision to make the property owner responsible for repairing observed defects, repairs or other adjustments required in the one-year warranty period. The motion was seconded by Director Smith. Director Bolton moved to amend Director Slogar's motion to also include a 6-month review and possible change in the interest rate as explained in subparagraph 2 of Paragraph D. The amendment to the motion was seconded by Director Smith. After some discussion the amendment to the original motion passed without opposition. The amended motion then passed unanimously.

The Superintendent was instructed to redraft the Resolution and Agreement between the District and the Home Water Company to incorporate the language of the new District policy just adopted.

The purchase of Green Mountain Reservoir water was discussed and it was the general consensus of the Board that the purchase of this reservoir water would be of no particular benefit to the District at this time.

The Foster/Foster/Coleman proposal was put before the Directors. After some discussion Director Ela moved to continue the practice of submitting statements for the interest on the balance of the Promissory Note per the formula in the Agreement and Promissory Note and have our attorney advise us when she feels that the note is collectible and continue to let the interest accrue. The motion was seconded by Director Bolton and passed unanimously.

The Superintendent was directed to review the Agreement and Promissory Note between the District and Foster/Foster/Coleman and be able to substantiate the balance of the Promissory Note at the next meeting.

After some discussion on Grand Valley Irrigation Canal water, Director Ela moved to temporarily suspend purchasing Grand Valley Irrigation Company stock until the water courts have ruled on the most recent change of use request and the market has stabilized. The motion was seconded by Director Bolton and passed unanimously.

Director Ela moved to publish the election notice as required by law. The motion was seconded by Director Bolton and passed without opposition.

The Superintendent presented the Directors with a proposal to put metal siding on the water office at a cost of \$9,426.52. The Directors deferred the addition of metal siding until more favorable economic conditions.

Clifton Water District
Minutes of Meeting of March 5, 1986
Page 3

A preliminary request for inclusion into the District by 5 families in the area between F Road and Front Street in the 34 1/2 Road area was put before the Board. The Board wanted to see a map of the area and to see what the inclusion of these five properties would do to the boundaries of the District before making a decision. The Superintendent will provide this map at the next meeting.



A letter from Mrs. Herb Musselman dated February 20, 1986, was read aloud to the Board. Director Ela moved that the Board grant no relief to the Musselmans by creating a variance to District water usage fee policy. The motion was seconded by Director Bolton and passed unanimously.



At this point, the Superintendent advised the Board that the Palisades National Bank was charging the Clifton Water District a charge for returned checks. The staff had adopted a policy of passing this additional expense on to the customer account which caused the charge. The Board concurred and endorsed the staff's action as being prudent and wise.

The meeting adjourned at 12:02 a.m., March 6th.


Secretary

ATTEST:

Policy Adopted by the Board of Directors at the Regular Meeting on March 5, 1986, Effective Immediately

A. The Clifton Water District [District] will continue its present practice of installing water systems for property owners and charge the full fees [tap & tap sharing] in effect at the time application is made. Payment of twenty five percent (25%) of the total fees will establish installation priority, ten percent (10%) of which shall not be subject to refund. Prior to any construction an additional twenty five percent (25%) of the balance must be paid. At this time, the balance [not to exceed fifty percent (50%)] must be paid in one of the following ways:

1. Cash prior to the time of construction.
2. Payment deferred for 120 days upon receipt by the District of an acceptable irrevocable standby letter of Credit for the benefit of the District.
3. Payment deferred as stated in paragraph D below.

B. The Clifton Water District will also allow property owners to install water mains, taps, service lines, meter pit assemblies including the meter yoke, and fire hydrants for new services within the District under the following conditions:

1. All workmanship and materials shall conform to the specifications of the Clifton Water District (the specifications are described in paragraph C below);
2. All workmanship and materials shall be subject to the inspection and approval of the Clifton Water District;
3. All work shall conform to the lines and grades as established by the property owner provided that the lines and grades meet the minimum requirements of the District;
4. All water mains and appurtenances, including meter pits, will be installed in public right-of-way (the only exception to this rule will be when a properly executed and recorded easement is granted to the District and approved by the Superintendent);
5. The placement of all water mains and appurtenances, including meter pits, will be subject to approval by the Superintendent of the District;
6. The property owner shall warrant and guarantee the water system, materials and workmanship for a period of one year after acceptance of the system by the District. If during this one year period the District incurs any expenses for repairing the water system, which expenses are necessary to providing water service, the District may assess such expenses to the property owner and to the water users on said system on a pro rata basis and these expenses will become a part of the water bill;
7. The property owner shall pay the Clifton Water District one-half of the fees [tap and tap sharing] in effect at the time the system is accepted into the District's system. This payment may be made in one of the ways listed below:
 - a. Cash prior to the time of construction.
 - b. Payment deferred for 120 days upon receipt by the District of an acceptable irrevocable standby letter of Credit for the benefit of the District.
 - c. Payment deferred as stated in paragraph D below.
8. The property owner will transfer all rights of ownership of the water system to the District and receive credit for the other half of the fees [tap and tap sharing] as payment in full for said rights of ownership. The service lines on the customer side of the meter will remain in the title of the property owner and will not be the responsibility of the District.

C. The specifications of the District include special provisions, general conditions and technical specifications as prepared by the Clifton Water District and entitled "CLIFTON WATER DISTRICT SPECIFICATIONS". The specifications are on file at the District Office, 137 3rd Street, Clifton, Colorado. Copies of the District's specifications are available to the public for printing, handling and postage charges.

D. The payment in Subparagraph 3 of Paragraph A and Subparagraph 7 of Paragraph B may be deferred for a period not to exceed 60 months under the following conditions:

1. That the total deferred payment will be divided by sixty (60) and that amount, plus a variable interest on the unpaid balance at a rate determined in accordance with paragraph 2 of this section, will be paid monthly;
2. The initial interest rate shall be determined by the highest interest rate quoted by any financial institution within the last six months by a Federally Insured financial institution in Mesa County on a deposit for the District from the time of the District's acceptance of the system. On January 31st and July 31st of each year, the interest rate will be reviewed and adjusted to correspond with the highest interest rate quoted within the last six months under the conditions above;
3. Prepayment will be accepted without penalty;
4. The balance of the deferred fee payment will be a lien on the property in accordance with C.R.S. 32-1-1001 (1)(j). The District may file a notice of lien with the Mesa County Clerk & Recorder's Office. The cost of this filing will be paid in advance by the property owner. Upon full payment of the balance, it will be the responsibility of the property owner to file a release of the lien with the Mesa County Clerk & Recorder's Office;
5. The deferred payment for fees cannot be transferred and will be due and payable to the District upon transfer of ownership of the property to which the tap is assigned;
6. The balance of the deferred payment shall become a part of the water bill and subject to the "Water Usage Fee Policy", which includes, but is not necessarily limited to, the following:
 - a. water usage fees, connect fees, disconnect fees and other charges related to water service,
 - b. a \$1.00 penalty per month on all past due accounts,
 - c. termination of water service for any balance sixty (60) days delinquent or whenever the property owner has an unpaid balance due larger than the two most recent billings:
 - i) once water service is terminated for nonpayment or delinquent payment, the total unpaid balance must be paid prior to restoring water service,
 - ii) in the event that water is not being served to the property and service cannot be terminated, then service will not be initiated at any future date until all fees and penalties have been paid in full;
7. It shall be the responsibility of the property owner to provide the District with a correct mailing address and to keep the District informed of any change in mailing address.

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held March 19, 1986
At Clifton, Colorado
At 7:30 p.m.

Board members present were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Staff members present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Also in attendance was Martin Garber, President of the Home Water Supply Company in Whitewater.

The meeting was called to order by President Fenner. Director Bolton questioned the purchases of materials to build flocculators for Plant #2. These materials included the gear reduction unit, electric motors and work performed by Chances R Welding and the warranty on the unit after completion. Director Bolton also inquired as to who purchases and maintains the fire hydrants on the Clifton water system. Superintendent Schuster said that according to the minutes of the April 17, 1974, meeting the Clifton Water District was responsible for the purchasing and maintenance of fire hydrants on our system. Director Bolton questioned the wisdom of this decision. The decision was defended by Director Ela stating that the only source of revenue the Fire Department District had was from property taxes. Director Bolton disagreed as he thought the Fire District had displayed sufficient wealth in the location and condition of their fire station and fire equipment.

The minutes of the February 19, and March 5, 1986, meetings were accepted as printed.

Director Ela moved to pay the Accounts Payable as submitted on the Report. The motion was seconded by Director Slogar and passed on the affirmative votes of Fenner, Smith, Ela and Slogar and a negative vote from Bolton.

There followed a long discussion on the revenue and the expenditures of the District including such phrases as "penny wise and pound foolish", "negative cash flow and positive cash flow", "present water rates", "outstanding Accounts Receivable from Franklin Construction", "Useful Public Service workers" and "Freddie Mac and Ginnie Mae Investments". It was Director Bolton's contention that providing material for the UPS workers was an extravagance and should be discontinued. Director Slogar countered that providing materials for UPS workers was a tremendous benefit to the District as the labor associated with the projects was normally over 50% of the cost and we were getting the labor for free. Also during the discussion, Director Ela stated that the operation of the District which showed a potential positive cash flow was a reflection of the Superintendent. All things considered, the administration of the District was being handled in accordance with the wishes of the Directors and if matters were not in accordance with the wishes of the Directors, it was the responsibility of the Directors to do something about it. After this discussion, the Financial Report was accepted as submitted.

During the discussion of the Home Water Company Agreement and Resolution, Martin Garber told the Board that the legal name of the water purveyor for Whitewater was the Home Water Supply Company. Director Ela moved to adopt the following Resolution:

WHEREAS, the Whitewater area is an established community being served water for domestic purposes by the Home Water Supply Company (Home Water Company); and

WHEREAS, the Home Water Company has determined that it does not have the financial capability of providing potable water in compliance with Colorado Department of Health requirements; and

WHEREAS, the officers of the Home Water Company have requested the Directors of the Clifton Water District (District) to include the Whitewater Area within the boundaries of the Clifton Water District and to provide potable water to the Whitewater Area; and

WHEREAS, the Directors of the District believe it is in the best interests of the District to include the Whitewater Area within the boundaries of the Clifton Water District and to provide potable water to the Whitewater Area; and

WHEREAS, both entities have entered into an Agreement dated March 19, 1986, which is Exhibit 1, attached hereto and incorporated in this Resolution as conditions for inclusion in the District.

NOW THEREFORE, BE IT RESOLVED: That the Board of Directors of the Clifton Water District propose the inclusion of the area described in Page 2 of this Resolution within the boundaries of the Clifton Water District in accordance with the Inclusion by Resolution Procedure specified in C.R.S. 32-1-401 (2) and (3).

This proposal shall be discussed at a public meeting to be held on the 16th day of April, 1986, at the District's office, 137 3rd Street, Clifton, Colorado, beginning at 8:00 p.m. The Superintendent of the District is directed to have notice published in The Daily Sentinel, as required by law, of the adoption of this Resolution, the place, time and date of the scheduled meeting and the description of the area proposed for inclusion. After such public meeting, the Board of Directors shall determine whether to finally adopt the proposal as set forth in this Resolution, in whole or in part, with or without conditions.

The motion was seconded by Director Slogar and passed unanimously.

Director Ela moved to adopt the Agreement which is Exhibit 1 to the above Resolution to the extent that was allowable at this time. The motion was seconded by Director Smith and passed unanimously.

The Superintendent explained how the balance of \$132,516.01 on the Foster/Foster/Coleman Promissory Note came to be. The Board questioned whether Joe Coleman had accepted this explanation and Superintendent Schuster and Office Manager Kay assured the Board that Joe Coleman had been advised of the amount of the principal and interest and did not contest the figures. The explanation of the balance of the Promissory Note was accepted by the Directors.

The Superintendent showed the Directors a map of the properties of five owners lying east of 34 1/2 Road who wish to become included in the Clifton Water District. After some discussion Director Ela moved to include the five properties shown on the map within the Clifton Water District since they are now being served water from the Clifton system and the inclusion could be made at no expense to the District and it was morally right and fair to allow these property owners to have their wish. The names of the five property owners are: Alire (12-268-000), Alire (12-269-000), Sanders (12-296-000), Bailey (12-295-000), and Campbell (12-266-000). Since it would put no additional burden on the District, the motion was seconded by Director Bolton. The motion passed without opposition.

The Directors reviewed a memorandum from the Superintendent dated March 11, 1986, which expressed the opinion of our attorney as to whether or not she thought the water rates adopted at the March 5, 1986 meeting, could be defended in court. Based on the opinion of the attorney and the opinions of the five Directors as well as the opinion of the Superintendent, Office Manager and Chief Operator, a two hour discussion of water rates followed. After all avenues had been explored, Director Smith moved that the District adopt the water rates on the following page to become effective April 1, 1986:

<u>Tap Size</u>	<u>Minimum Usage</u>	<u>Minimum Monthly Charge</u>
3/4"	3,000 gallons	\$ 5.00
1"	8,000 gallons	11.00
1 1/2"	14,000 gallons	18.20
2"	24,000 gallons	30.20
3"	42,000 gallons	51.80

Plus \$1.20 per thousand for all water in excess of the minimum. Those multiple units on the Grandfather Clause would continue to pay an additional \$2.50 per month and all out-of-district taps would pay 1.5 times that of in-district rates.

This motion was seconded by Director Bolton and passed unanimously.

Director Bolton moved that effective May 1, 1986, all taps that are now active or have been active in the past shall be subject to the minimum monthly rate as stated in Director Smith's motion. The motion was seconded by Director Slogar and received affirmative votes from Directors Bolton and Slogar and negative votes from Directors Smith and Ela. The motion passed on an affirmative vote from Director Fenner. The Superintendent was instructed to write letters to all accounts that would be effected by this new requirement.

After the decision of the U. S. Supreme Court in Garcia vs. San Antonio Metropolitan Transit Authority and others, Congress passed the Fair Labor Standards Amendment of 1985 (Public Law 99-150). The Amendment to the Fair Labor Standards allowed the District to have more flexibility in their compensatory time off. The Superintendent presented the Directors with his recommendations on how to handle compensatory time. Director Ela moved to adopt the changes to Paragraph 8.5 (Compensatory Time) of the Personnel Manual to the wording as submitted in writing by the Superintendent. The motion was seconded by Director Smith and passed unanimously.

The Superintendent advised the Board that the District had spent \$47,224 more in 1985 than what was budgeted. Based on this information, Director Ela moved to adopt the following Resolution:

WHEREAS, funds for the purchase of a diesel powered electric generator during the calendar year 1985 were expended; and

WHEREAS, such purchase was not, and could not have been, reasonably foreseen at the time the 1985 budget was adopted; and

WHEREAS, additional revenue was derived by gain on refunding of existing General Obligation Bonds which was not budgeted for 1985;

NOW THEREFORE, BE IT RESOLVED, that the budget for 1985 of the Clifton Water District, which was adopted at a regular meeting of the Board of Directors held October 17, 1984, be amended in the following particulars:

- (a) that the amount of estimated expenditures for Purchase of Equipment-Plant #2 be increased from \$11,000 to \$58,224;
- (b) that estimated receipts from Refunding of General Obligation Bonds be added in the amount of \$47,224.

BE IT FURTHER RESOLVED, that there is hereby appropriated from the current earnings of the District a sufficient sum to pay such additional costs.

BE IT FURTHER RESLOVED, that a certified copy of this Resolution be furnished to the Division of Local Government in the Department of Local Affairs.


The motion was seconded by Director Bolton and passed without opposition.

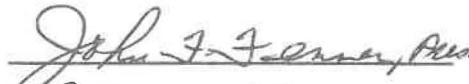

Clifton Water District
Minutes of Meeting of March 19, 1986
Page 4



There being no further items on the agenda, Directors Fenner, Ela and Slogar volunteered the information that they had been contacted by Lehman Pond and were asked that the District reconsider their position on the merger study being prepared by Black & Veatch. After some discussion, it was the general consensus of the Board that Clifton maintain its previous position as stated in the minutes of the February 5, 1986, meeting.

The meeting adjourned at 11:40 p.m.

ATTEST:


Secretary

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held April 2, 1986
At Clifton, Colorado
At 7:30 p.m.

Present were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Also present were Superintendent Schuster and Chief Operator Blount and the guest in attendance was retired superintendent Strain.

The meeting was called to order at 7:36 p.m. by President Fenner. Mr. Strain thanked the Directors for reconsidering the water rate structure.

The first item on the agenda was a review of the letter to be sent to the inactive taps, as prepared by the Superintendent at the Board's request. During the consideration, President Fenner expressed his concern about the Board making decisions too quickly without enough thought, the other four Board members did not share this concern. Director Bolton expressed his concern that the District would spend its income just because it is budgeted, the other Directors did not share this concern and to fortify the other Directors' opinion the Superintendent read a sentence from the minutes of the October 2, 1985 meeting which stated: "The Board made it very clear that by approving the budget they did not approve line item purchases or expenditures listed on the budget." During the discussion, Mr. Strain expressed his feeling that he thought the \$1.20 per thousand rate for charges over the minimum was an equitable rate. After 25 minutes of discussion, it was the consensus of the Directors to send the letter as prepared by the Superintendent to owners of inactive taps at their last known address.

The Ute/City/Clifton merger study was discussed at length. During the discussion it was obvious that Directors Smith and Ela were in favor of Clifton participating financially in the balance of the study and it was just as obvious that Directors Fenner, Slogar and Bolton were against any further financial participation.

Director Bolton brought up the fact that cattle were being pastured on the island at Plant #2 and had the names of two cattlemen in the area that were present at a meeting when the Board made a decision not to allow any livestock to pasture on the island. Retired superintendent Strain expressed his opinion that he thought it was good that livestock be pastured on the island to keep the grass and weeds under control and prevent a fire hazard. Mr. Strain went on to say that Mr. Fisher had pastured livestock there for approximately two years and the District had allowed this to ease some hard feelings that developed when the District forced an easement along the east edge of the Fisher property in 1978 for the construction of a raw water line. Mr. Strain also said that the problem started when Mr. Barley pastured livestock on the island, he was uncooperative in maintaining fences, was inconsistent with the amount of livestock on the island and was creating ill will with our neighbors in that area. Mr. Strain stated that by administrative action he, not the Board, discontinued the pasturing of livestock on the island as he felt the Board had given him the discretionary power to take this action. It was the general consensus of the Board to let Wayne Pond continue to pasture his livestock on the island since he had paid the District \$500. If in the future there was a dispute, the District would take bids on the pasture and rent the pasture to the highest bidder.

The condition of the north tank was discussed and the Superintendent gave the Directors a brief description of the condition of the interior of the tank and also told the Board that the first coat of the interior paint had been applied and that the second coat was awaiting favorable weather. A discussion on the tank followed concerning shooting in the area and the Superintendent was

instructed to contact the Game and Fish Department to see if the tank is located in a non-shooting zone and if it is, to contact the sheriff and let him know that there is a problem in the area.

Director Ela moved to adopt the following resolution:

WHEREAS, the Clifton Water District (District) is a special district authorized under the Special District Act, C.R.S. 32-1-101 et seq., and as such is a quasi-municipality; and

WHEREAS, it is in the best interests of the Clifton Water District to deposit its reserve funds in an interest bearing federally insured depository; and

WHEREAS, the Superintendent of the District is given the responsibility to obtain the best return for the District on its deposits; and

WHEREAS, in the course of determining the best return to the District on its deposits it is necessary that the Superintendent conduct some specific business without specific authorization from the District Directors.

NOW THEREFORE BE IT RESOLVED: that the Board of Directors of the Clifton Water District ratify the deposit of \$100,000 in the American National Bank of Grand Junction at an interest rate of 7.75%, compounded daily, beginning March 21, 1986, and maturing on March 20, 1987; and

BE IT FURTHER RESOLVED, that said depository is hereby authorized and directed to honor and pay any checks or withdrawals with the signature of any two of the five authorized signatures that are on this Resolution; and

BE IT FURTHER RESOLVED, that an original copy of this Resolution be delivered to the American National Bank of Grand Junction to be put in the Clifton Water District file of said depository. This Resolution shall continue in force until terminated by another resolution duly passed by the Board of Directors.

The motion was seconded by Director Smith and passed unanimously.

There was some discussion on the return the District is getting for its investments in the Freddie Macs and Ginnie Maes and the Superintendent advised the Board that a Freddie Mac purchased in May of 1985 and sold in January 1986, had a net return to the District of 15.82%; that another Freddie Mac purchased in October of 1985 and sold in January 1986, had a net return to the District of 29.45%; and that the other Freddie Macs and Ginnie Maes were doing better than what could be expected in return from Certificates of Deposit.

Director Ela moved to pay the following bills: \$45.00 to the Water Distribution and Waste Water Collection Certification Council; \$20.00 refund of overpayment to Grand Junction Real Estate for Account Number 08-781-004; \$9.00 for a refund for overpayment to John Boggart for Account Number 13-625-000; \$49.00 to Frontier Airlines for a one-way ticket for the Superintendent to travel to Denver to attend an AWWA Board meeting and pick up the pickup truck; \$15.00 to the Colorado Plant Operation Certification Board; \$30.00 for refund for overpayment to Western Colorado Title for Account Number 15-596-000; and \$1,000.00 to the Postmaster for permit mailing. The motion was seconded by Director Bolton and passed unanimously.


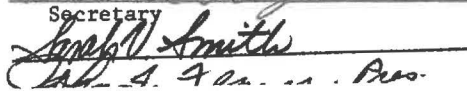
The 1985 audit was discussed for approximately two hours. At the end of the discussion, Director Ela moved to table the audit for further study. The motion was seconded by Director Bolton and passed without opposition.

Director Slogar moved to select the Fire Station of the Clifton Fire Protection District as a polling place for the May 6th election. The motion was seconded by Director Smith and passed unanimously.

The meeting adjourned at 10:17 p.m.

ATTEST:


Director Bolton


Secretary

Director Smith

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held April 16, 1986
At Clifton, Colorado
At 7:43 p.m.

Present were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. President Fenner called the meeting to order at 7:43 p.m.

The Superintendent gave the Directors a summary of the planned construction for G Road east of 34 Road, and 33 3/4 Road from G Road to just north of the railroad tracks. The Superintendent told the Board that the work is scheduled for the fall of 1986 after water is out of the Highline Canal.

The Superintendent displayed a map of the "Mesa County Firearms Closure", as prepared by the Mesa County Sheriff's Department, which showed that the north tank was in the nonshooting zone and the south tank, Plant #1, Plant #2 as well as all of the Clifton area south of Interstate 70 is not in the nonshooting area.

Director Ela moved to pay the Accounts Payable on the Report of \$60,146.58 plus \$72.25 to Cowen's Radiator Service; \$119.66 to Grand Valley Rural Power; \$234.80 to the Postmaster; \$30.95 to the Public Service Company of Colorado; and \$31.60 for the Superintendent's expenses on his April 10th trip to Denver. The motion was seconded by Director Slogar and passed without opposition.

The Superintendent told the Directors that the 1986 pickup purchased through the State Purchasing Office from Burt Chevrolet was in service in the District.

At 8:00 p.m. President Fenner recessed the Board meeting and called to order the public meeting regarding Inclusion of the Whitewater Area Within Boundaries of Clifton Water District. Nine guests from the Whitewater Area were present, including Martin Garber, President, and Pat Yeates, Secretary, of the Home Water Supply Company. President Fenner introduced the Directors and staff to the guests from Whitewater. All present were in favor of including the Whitewater Area within the District boundaries. There was no opposition expressed or implied. There was a question and answer session, with the questions centering on: those eligible to vote, the basic policies of the District, where the election would be held and who would provide the judges. In general, the public meeting was very amiable with no demonstrated opposition. After all questions had been answered the public meeting adjourned at 8:33 p.m. and the business meeting reconvened.

When the business meeting reconvened, Director Ela moved to adopt the following order:

It is the Order of the Clifton Water District, by unanimous resolution of the Board of Directors this 16th day of April, 1986, that it is in the best interest of said District to finally adapt The Resolution Proposing Inclusion of Whitewater Area Within Boundaries of Clifton Water District which was conditionally adopted March 19, 1986 by the Board of Directors (hereinafter "Resolution").

The Resolution, as adapted on March 19, 1986, provided that the proposed inclusion would be discussed at a public meeting to be held on the 16th day of April, 1986, at the District's office, beginning at 8:00 p.m. after notice of such meeting was published in The Daily Sentinel, as required by law.

The Board finds that notice of the meeting was published as directed. Further, 25 days prior to the meeting, postcard notification of said meeting was sent to the property owners within the Whitewater Area as listed in the records of the county assessor. The public meeting was held at the place, time and date specified in the Resolution and notices.

No written opposition to inclusion of the Whitewater Area was submitted

to the Board before or at the public meeting. No opposition to inclusion was voiced by those who attended the public meeting.

Therefore, the Board orders final adoption of the Resolution Proposing Inclusion of Whitewater Area With Boundaries of Clifton Water District.

The motion was seconded by Director Slogar and passed unanimously.

The Directors chose to change the word "obvious" to "apparent" in two places of the fourth paragraph of the April 2, 1986 minutes, and delete the word "financially" in the third line of the same paragraph. Director Ela moved the minutes of the meeting of March 19th be accepted as written and the minutes of the April 2nd meeting be accepted as corrected. The motion was seconded by Director Smith and passed without opposition.

The Superintendent told the Directors about his conversation with Tony Link, a reporter for The Daily Sentinel, concerning the minimum charge for all inactive taps.

The Superintendent discussed the deteriorating condition of the steel in the floor of the north tank with the Board. After much discussion it was generally decided that a hole would be drilled in the concrete ring wall at the base of the steel tank in order that any leakage in the floor of the tank could be observed. The floor of the tank would be carefully watched throughout the summer and if corrective measures were needed they would be taken care of in a timely manner.

The Superintendent was directed to advertise for sealed bids on the sale of the 1978 Chevrolet pickup for the May 7th meeting with the stipulation that no employees or Directors be able to bid. Director Bolton moved that the sealed bids for this pickup be open to everybody, including employees, Directors and their families. The motion was seconded by Director Slogar and passed on a vote of four to one with Director Ela opposing.

Director Smith objected to the Accountant's choice of words on page 8 of the 1985 audit, where it appeared that the Directors took \$53,630 of District funds to purchase Government Obligations when in fact the Directors used accrued interest funds to pay the accrued interest on the 1978 General Obligation Water Refunding Bonds. Director Fenner questioned the \$50,000 in accrued bond payment as shown on the Balance Sheet from the end of 1985 to the beginning of 1986. Director Smith defended the entry as being required by the auditor. Office Manager Kay will research the rationale used in making the entry and report to the Board. The acceptance of the 1985 audit was tabled until the Accountant had made all of the requested corrections and resubmitted the audit.

The status of the inclusion of properties east of 34 1/2 Road between F Road and Front Street was discussed. The Superintendent told the Board that the property owners in that area had not showed any interest since the petition had been prepared.

Director Ela advised the other Directors that the District Court would accept recommendations from the Directors of the Clifton Water District to fill a vacant position on the Board of the Ute Water Conservancy District. Director Ela also advised the Board that he would abstain from any discussion involved in such a recommendation. There was no recommendation from the other four Directors to fill the vacancy on the Ute Board.

Director Ela also questioned the wisdom of steadily increasing the percent of the District's cash reserves in Freddie Macs and Ginnie Maes. The other Directors agreed and it was the consensus of the Board that the Superintendent

maintain the present level of funds invested in Freddie Macs and Ginnie Maes and to reinvest the District's cash reserves in local financial institutions. Director Ela also required the Certificate of Ownership of the Freddie Macs and Ginnie Maes to be in the name of the Clifton Water District and not in the name of the brokers, through which the Freddie Macs and Ginnie Maes were purchased. The Superintendent advised the Board that he would take care of this matter. Director Ela went on to say he had no problem with investing his own money that way but he did not want to invest public funds in that manner.

President Fenner wanted the minutes of the meeting to show that Director Ela wore a green pinstriped tie to the meeting.

Director Ela moved the District appoint Beverly Ramey, Anne Kenney and Georgia Gribble to be judges for the May 6th election and if they are willing to serve, to also be judges in the election to include the Whitewater Area within the District. The motion was seconded by Director Bolton and passed unanimously.

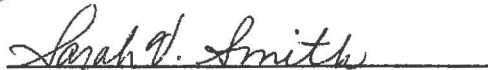
The meeting adjourned at 11:06 p.m.


Secretary

ATTEST:









MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held May 7, 1986
At Clifton, Colorado
At 7:30 p.m.

Present were President Fenner, Vice President Smith, Secretary Slogar, Treasurer Ela and Director Bolton. Also present were Director-elect John Ballagh, Director-elect Martin Garber and Director-elect Paul Barrick. Superintendent Schuster and Chief Operator Blount were also present. The meeting was called to order at 7:32 p.m. by President Fenner.

Four bids were received and opened for the sale of the 1978 pickup, considered surplus property by the District. These bids were: \$450 by P. E. Stone; \$512 by Gib Rigg; \$804 by Globe Heating and Air Conditioning, Inc.; and \$700 by Johnny Smith. Director Bolton moved to accept the bid of \$804 from Globe Heating and Air Conditioning, Inc. for the 1978 pickup. The motion was seconded by Director Ela and passed unanimously.

The Superintendent gave a progress report on the painting of the three tanks by Maupin Sandblasting and Coating Company of Strasburg. The Superintendent said all the tanks have been painted, the last tank had received its final interior coat on April 30th and the paint would be cured and the tank be put into use the latter part of this week. The Superintendent also reported there are at least 17 bullet marks on the new paint on north tank, most of the marks being on the northwest quadrant which is directly opposite I-70 which is on the southeast quadrant of the tank. Director Bolton said the word "CLIFTON" on the east side of the tank should also be added to the west side of the tank. The Superintendent said this could be done for a cost of approximately \$1,000 which was the cost of painting the word "CLIFTON" on the east side of the tank. There was no other discussion.

The attorney for the District had advised the Superintendent that C.R.S. 32-1-1006(h)(I) controlled the "availability of service or facilities charges" and the policy adopted on March 19, 1986 (to become effective May 1, 1986) is not in line with State Statutes. The Superintendent advised the Board of this discovery in a memorandum dated April 28, 1986. Based on the attorney's advice, reconsideration of the new policy was on the agenda. Director Ela moved to table any discussion on putting the policy into effect or revising the policy until the Board had been reconstituted and could consider the merits of the availability of service or facility charge and then make a decision. The motion was seconded by Director Smith and passed without opposition.

With all of the old business being disposed of, the secretary submitted the returns of the May 6, 1986 election to the Directors. The Directors proceeded to open and examine the Certificate of Returns and canvassed the votes cast. The Board determined the following nominees received the following votes:

<u>Candidate for Director</u>	<u>Number of Votes Received</u>
For a Four-year Term	
John L. Ballagh	107
Edgar Lee Bolton	65
William M. Ela	139
John F. Fenner	67
L. Martin Garber	107
For a Two-year Term	
Paul E. Barrick	145

Based on the number of votes it was determined that John L. Ballagh, William M. Ela, and L. Martin Garber were elected for four-year terms and Paul Barrick was elected for a two-year term. Director Bolton stated that with a spread that wide "odds are the count was not rigged". Director Smith moved the Board accept the report of the election judge with the regrets of the Board for losing the collective experience of Directors Fenner, Bolton and Slogar. The motion was seconded by Director Bolton and passed unanimously.

Chairman of the Board Fenner swore in the four elected Board members. With an exchange of handshakes, the new Board was seated and former Directors excused themselves from the meeting.

The new Board members were given some explanation about the presentation of the minutes and the Financial Report for approval and were told that even though there were two meetings a month, the minutes and Financial Report were normally considered only on the third Wednesday meeting of each month.

Vice Chairman Smith took the Chair temporarily to conduct the organization of the Board. Prior to accepting nominations for officers of the Board, Director Smith asked that each Director give a resume of their philosophy and reasons for becoming a Board member. All five of the Board members expressed their desire to serve the community. This expression took approximately 25 minutes. After this discussion Director Ela nominated Director Smith for Chairman of the Board and President of the District. The nomination was seconded by Director Barrick. After a very short delay, Director Barrick moved to close nominations for Chairman of the Board and have the Secretary cast a unanimous ballot for Director Smith for that position. The motion was seconded by Director Ela and passed unanimously. Director Garber nominated Director Ela for the position of Vice Chairman of the Board and Vice President of the District. The nomination was seconded by Director Ballagh. After a slight delay Director Garber moved to close nominations for Vice Chairman of the Board and have the Secretary cast a unanimous ballot for Director Ela for that position. The motion was seconded by Director Ballagh and passed unanimously. Director Garber nominated Director Ballagh for the position of Secretary, the nomination was seconded by Director Barrick. With very little delay, Director Ela moved to close nominations for Secretary of the Board and have the Secretary cast a unanimous ballot for Director Ballagh for that position. The motion was seconded by Director Barrick and passed unanimously. Director Ela then moved that Director Barrick be nominated for Treasurer and the nomination was seconded by Director Garber. Without hesitation, Director Garber moved to close nominations for Treasurer of the Board and have the Secretary cast a unanimous ballot for Director Barrick for that position. The motion was seconded by Director Ballagh and passed unanimously. The organization of the new Board is as follows: Director Smith is President of the District, Director Ela is Vice President of the District, Director Ballagh is Secretary of the District and Director Barrick is Secretary of the District. Martin Garber will serve as a Director on the Board.

Director Ballagh moved to adopt the following Resolution:

WHEREAS, the Clifton Water District (District) is a special district authorized under the Special District Act, C.R.S. 32-1-101 et seq., and as such is a quasi-municipality; and

WHEREAS, the Clifton Water District is subject to statutes requiring election of Directors; and

WHEREAS, Directors may change due to the results of elections; and

WHEREAS, on a duly held election on May 6, 1986 three new Directors were elected and the signatures required for withdrawal of District funds from checking accounts and certificates of deposit were also changed.

NOW THEREFORE BE IT RESOLVED: that the Board of Directors of the Clifton Water District requests that the financial institutions (depositories), where Clifton Water District funds are on deposit in checking accounts or certificates of deposit are hereby authorized and directed to honor and pay any checks or withdrawals with the signature of any two of the five signatures

of the Directors that are on this Resolution for certificates of deposit and any two of the six authorized signatures that are on this Resolution for checking accounts, except account number 302170298:0049000255, which will require only one of six authorized signatures; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be delivered to the depositories where Clifton Water District funds are on deposit to be put in the Clifton Water District file. Should the depositories require new signature cards, it will be the responsibility of each depository to send blank cards to the District for signatures.

This Resolution shall continue in force until terminated by another resolution duly passed by the Board of Directors.

The motion was seconded by Director Ela and passed unanimously.

Director Ela moved to pay the following bills: \$11,672.03 to Maupin Sandblasting and Coating Company; \$4,226 to Public Service Company of Colorado; \$20.55 to Cowen's Radiator Service; and \$12.50 to Mark Reeves. The motion was seconded by Director Ballagh and passed without opposition.

Director Ballagh asked about the final payment to Maupin Sandblasting and Coating Company and inquired as to whether or not the District had received lien waivers. The Superintendent advised the Directors that the project is being advertised in accordance with CRS 38-26-107 and the District would be exempt from any further claims and would not be subject to a mechanics lien. The discussion of mechanics lien precipitated a discussion on insurance for the Directors and for the District in general.

The Superintendent advised the Directors of the workshop of the Special Districts Association of Colorado being held in Grand Junction on June 21st and the State Annual Conference at Snowmass on September 4th and 5th. It was generally agreed that as many Directors as can attend will attend at District expense.

Director Ela moved to set the date for the election for the inclusion of Whitewater into the Clifton Water District for July 15, 1986, and for the polling place to be at the Mesa County Shops at Whitewater. The date pending District Court approval. The motion was seconded by Director Ballagh and passed unanimously. The Superintendent was directed to take care of the necessary publications for this election.

A discussion on the inclusion of the Whitewater Area followed and the new Board members were brought up-to-date on the history and reasons for inclusion of the Whitewater Area into the Clifton Water District. The discussion also included the revision of District policy which allowed Whitewater to be included into the District and to pay their tap fee over a period of 60 months.

Some information was given the new Directors on the request to the Water Court for a change of use from irrigation to irrigation and domestic of the Grand Valley Irrigation Water Shares. Director Smith also told the new Board members about the considerable cost savings the installation of a diesel powered generator has in the electric costs at Plant #2.

Director Ela inquired as to the Superintendent's involvement and advancement in "chairs" in the Rocky Mountain Section of the American Water Works Association (RMS AWWA). The Superintendent advised the Board that he was a trustee in the Section and was attending Directors meetings quarterly, keeping in mind that expenses be kept to a minimum. Director Smith told the Superintendent and other Directors she thought it was very important the Clifton Water District become involved in the RMS AWWA and even though it did involve some expense she thought the expense was worth it. The other Directors concurred.

Director Ela moved the District adopt the following Resolution:

WHEREAS, it is hereby acknowledged that the services of John F. Fenner as a Director of the District since he was elected May 5, 1982, and those of Edgar Lee Bolton since he was appointed August 5, 1981, and those of Darrell Slogar since he was appointed September 17, 1975 and reappointed August 14, 1984, are greatly appreciated by residents of the District, and especially by other Members of the Board of Directors; and

WHEREAS, The Board of Directors of the Clifton Water District is desirous, both on its own behalf and on behalf of all residents of the District, to express its thanks for this faithful and unselfish service;

NOW, THEREFORE,

BE IT UNANIMOUSLY RESOLVED: That the Clifton Water District does extend to John F. Fenner, Edgar Lee Bolton and Darrell Slogar its deepest gratitude for these services and express the sincere appreciation of all the citizens of the District.

The motion was seconded by Director Barrick and passed unanimously.

Director Ela volunteered the information that a house guest by the name of Ken Burchard from Pueblo was selling a Bon Del filter and gave the information to the Chief Operator for his opinion as to whether or not the literature being distributed by Burchard was fraudulent. After some study of the literature, Chief Operator Blount stated the literature was misleading and the product itself was "junk". A discussion ensued concerning water softening and that this softening was accomplished by the replacement of the calcium (Ca) and magnesium (Mg) ions by sodium (Na) in the water. This created water with less surface tension (soft water). The Superintendent was in favor of a home water softener, over the objections of the Chief Operator, because the sodium a water softner puts in drinking water from the hardest water in the Clifton system, is negligible.


Director Ela explained to the new Board members the need to generate revenue to implement the five-year plan for improving the aging distribution system and why a minimum monthly charge had been applied to all water taps that either have a meter or did have a meter installed. The new Board members suggested the reconsideration of the policy adopted on March 19th continue to be tabled until they had had more time to study the situation. The Superintendent was told to inquire of Betty Bechtel the possibility of stating the availability of service charge to be 50% and not to exceed \$5.00 per month.

The Superintendent advised the Board that our laboratory had been certified by the State in the operation of the gas chromatograph.

The Directors tentatively set up June 4th as the date the Board meeting would convene at Plant #2 so the new members could tour the Plant under the guidance of Chief Operator Blount and receive answers to any questions they may have. Director Ela also thought it very important the Directors study the distribution system on the map in the computer room in order to become more familiar with the distribution system as well as the treatment facility. It was also hoped the Directors would be able to tour the interior of one of the newly painted tanks but this may not be possible due to the operation of the system and the requiring of the wasting of water to make the tanks accessible for inspection.

The meeting adjourned at 10:35 p.m.

ATTEST:



John F. Fenner



John L. Callaghan
Secretary



Paul L. Barrick


Sarah V. Smith


Martin Harbor

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held May 21, 1986
At Clifton, Colorado
At 7:30 p.m.

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

Before the meeting was called to order the Directors discussed the answers required on the application for the bond for Board Members as required by C.R.S. 32-1-901(2). The Directors also signed the Bank Signature Cards which were sent by Mesa Federal and by First National Bank of Grand Junction.

President Smith called the meeting to order at 7:54 p.m. Director Ballagh called attention to an error in the minutes of the May 7th meeting wherein the minutes erroneously named Paul Barrick as Secretary of the District. He should have been named as Treasurer. Director Ela moved to accept the minutes of April 16, 1986, and the May 7, 1986 minutes as corrected. The motion was seconded by Director Barrick and passed unanimously.

Office Manager Kay explained the Financial Report to the new Directors and urged all Directors to call her prior to a meeting should they have any questions concerning the Financial Report or other matters of the District which she is in charge. Director Ela noticed there was a maintenance and capital improvements expense for construction at E 1/2 Road and Peachwood and inquired as to what had taken place. Superintendent Schuster explained that the Eastmoor Subdivision had not been tied into the original system at the intersection of E 1/2 Road and Peachwood and he wanted this work accomplished prior to Mesa County overlaying E 1/2 Road. Director Ela questioned the wisdom of making the tie-in with the 3" line rather than a 6" line. Superintendent Schuster explained that the existing construction was 3" and to increase the size to 6" would have put all of the residents on Peachwood between E 1/2 Road and Bookcliff out of water until the construction was completed so he elected to continue with the 3" pipe. This discussion triggered another discussion concerning water for fire protection within the subdivisions within the District.

At 8:20 p.m. Director Barrick was called on his pager and left the meeting.

Director Ballagh inquired as to large payments to the Grand Valley Irrigation Company in two consecutive months in 1986. Superintendent Schuster gave a very cursory oral review of the agreement between the Grand Valley Irrigation Company and the District with Director Ela filling in some blank spots. Schuster explained that the March payment was per the 1977 agreement to transport our decreed water in the canal and the April payment was the 1986 assessment on our shares.

At 8:40 p.m. Director Barrick re-entered the meeting.

Director Ela moved to pay the Accounts Payable of \$40,317.83 as shown on the Report, plus a payment of \$18,895 to the National Farmers' Union Insurance Company and a fund transfer of \$30,000 from Palisades National Bank to Mesa Federal Savings and Loan. The motion was seconded by Director Ballagh and passed without opposition.

The Directors discussed the 1985 audit. During the discussion of the audit, Director Ela reiterated the statement he made at the April 16th regular meeting for the District to not invest in any more Freddie Macs. The Superintendent advised Director Ela that Clifton Sanitation #2 has written to the Attorney General requesting an opinion as to whether or not an investment in a Freddie Mac is as secure as Ginnie Maes, deposits in banks insured with FDIC and Savings and Loans insured with FSLIC. After this discussion Director Ela moved to accept the 1985 audit and continue to decline to sign the standard letter relieving Maxfield, Miller & Company of any liability in

preparation of the 1985 audit. The motion was seconded by Director Ballagh and passed unanimously.

Director Barrick moved to have Laveta write Clinton Maxfield a letter stating that the quality of the 1985 audit left something to be desired and the District is dissatisfied with the lack of professionalism of the audit which included many typographical errors. The motion was seconded by Director Ballagh and passed unanimously.

After some discussion in which Director Ela thought an availability of service charge was a fair charge and based on the contents of the Superintendent's memorandum dated May 16, 1986, Director Ela moved to start the procedure required by C.R.S. 32-1-1006 to hold a public hearing on an availability of service charge. The charge to be considered at the public hearing is equal to 50% of the average 1985 service charge, not to exceed \$5.00 per month. The availability of service charge to be assessed to all inactive taps within the system that were once active. The motion was seconded by Director Garber and passed on four affirmative votes. Director Barrick cast the only dissenting vote.

The Superintendent was instructed to obtain the mailing address of each elector of the District as disclosed by the tax records of Mesa County and to arrange for the Clifton Community Hall as the site for the public hearing at which the availability of service charge will be discussed.

President Smith inquired as to how many would be attending the Special District Association Western Slope Workshop on June 21st at the Holiday Inn in Grand Junction. Directors Smith, Ballagh and Garber indicated they would attend and Laveta was to draw a check in the amount of \$150.00 as payment of registration for these three Directors.

Director Ela commended the Staff on providing the new Directors with the District policies so they could have them for reference.

Director Barrick moved to award a bid to J. & S. Fence Company, Inc. in the amount of \$3,740 to erect a 72 inch high fence around the newly painted north tank. The motion was seconded by Director Ballagh and passed unanimously.

Director Barrick also inquired as to the dirt which is being stock piled on the island as it is being removed from the back wash water settling pond. The Superintendent explained to the Directors that in payment for removing the dirt from the back wash water settling pond, Bounds & Son are getting the dirt at no charge.

Director Ela inquired as to whether the property at Plant #2 was protected against potential flood damage and as to the location of the curtain in the retention pond. Superintendent Schuster assured the Directors that the District was well protected from any floods such as occurred in 1983 and 1984 and the curtain, although not presently being in place, is still used when necessary.

President Smith adjourned the meeting at 10:11 p.m.

After the meeting adjourned, Director Ballagh inquired as to the mention of the Southridge Development in the 1985 audit and in some of the minutes of the meetings he had been provided. Superintendent Schuster gave a very cursory oral review of the agreement between the Southridge Development and the District with Director Ela filling in the blank spots.

ATTEST:

M. M. Ela
Sarah V. Smith, Pres.

John L. Ballagh
Secretary
Paul E. Barrick

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
CLIFTON WATER DISTRICT

Held June 4, 1986
At Clifton, Colorado
At 7:30 p.m.

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Chief Operator Blount, Lab Technician Tooker and Operators Raff and Larsen.

The meeting convened at the Colorado River Treatment Plant (Plant #2) at 7:30 p.m. where the Directors were given a tour of the river pumps, retention pond, diesel powered generator, flocculation basins, sedimentation basins and sand filter system. The Directors were also given a tour of the hypafon lined and covered 9 MG treated water storage tank. After the tour, Chief Operator Blount and Lab Technician Tooker showed the Directors the State Certified Laboratory and gave a demonstration of the gas chromatograph.

At approximately 9:45 p.m. the meeting at Plant #2 was recessed and reconvened at the water office at 10:02 with Director Ballagh, Lab Technician Tooker and Operators Raff and Larsen absent.

The Superintendent advised the Directors that the Clifton Community Center had been reserved for the public meeting to consider the availability of service charge. Scheduled to begin at 7:30 p.m. on July 2, 1986.

The Superintendent also advised the Directors that the petition for inclusion of the five properties between Front Street and F Road in the vicinity of 34 1/2 Road was presented to the District and a public hearing on this inclusion is scheduled to be held at the regular meeting of June 18, 1986. First class mail notification of the meeting would be posted on June 6th.

The Superintendent advised the Directors that something had to be done with the exterior finish of the water office and Directors Smith, Ela and Garber went outside with Superintendent Schuster to inspect the existing exterior finish. The Superintendent was instructed to obtain prices on what it would cost to put a quality paint on a good prepared surface vs. metal siding and present it to the Directors at the next meeting.

The Superintendent advised the Directors that the Colorado Department of Highways and Mesa County are doing road improvements at the intersection of I-70 B and 30 Road. The State is paying for the relocation of one hydrant, and two meter pits, but Mesa County wants the District to relocate five meter pits and protect our water line at the District's expense. After some discussion, the Superintendent was instructed to contact the Special Districts Association of Mesa County (SDA-MC) and ask their assistance in reversing the County's stand on the District paying for this utility relocation and to also contact Mesa County and tell them the District thought the County should pay for this relocation. The Superintendent advised the Board that during the course of the work, the soil would be disturbed within 10 to 12 inches of a 29-year old 3" asbestos cement pipe.

The Superintendent advised the Directors that representatives of the Association of Colorado Taxpayers (ACT) were present at the last Mesa County Special District meeting. The Superintendent advised the Directors that the ACT sponsored amendment to the Colorado Constitution was ill-advised, poorly drafted and contained ambiguous language. The Superintendent recommended to the Directors that if the proposed constitutional amendment looked like it may pass, he would recommend the Directors double the water rates to \$2.40 per thousand and give a 50% discount on water sold. Then as the District required additional revenue, lower the discount to provide this revenue.

The Directors also discussed the salary schedule and asked the Superintendent to furnish them with more information in order that the Superintendent's recommendations could be studied at the regular meeting of June 18th.

Fire flows within the District's distribution system were also discussed as well as the cathodic protection on the 2 miles of 27" diameter welded steel pipeline from Plant #2 to the intersection of 32 and E Roads.

The meeting adjourned at 10:58 p.m.

Secretary

John L. Ballagh

ATTEST:

Paul E. Barrick

Sarah V. Smith, Pres.

J. M. Ela

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
CLIFTON WATER DISTRICT

Held on June 18, 1986
At Clifton, Colorado
At 7:30 p.m.

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick and Director Garber. Also present were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. Present in addition to the Board members and staff were Doris Campbell, her son, Mark Campbell, and Nancy Ryan. The meeting was called to order by Director Smith at 7:31. Director Smith immediately announced that the Directors would proceed with the public meeting to hear the petition of Campbell, Alire, Bailey and Sanders for the inclusion of five parcels within the boundary of the Clifton Water District. Notice of the public meeting had been duly published in The Daily Sentinel. After some discussion and there being no written or oral objection, Director Ballagh moved the petition be granted and an order to that effect made and filed with the Clerk of the Court:

IT IS THE ORDER OF THE CLIFTON WATER DISTRICT, adopted by unanimous resolution of the Board of Directors this 18th day of June, 1986, that it would be in the best interest of the District that the Petition of Campbell, Alire, Bailey and Sanders, who are fee owners of 100% of the respective parcels of land described herein, and who have requested inclusion of said property within the District, that their Petition be granted.

The motion was seconded by Director Barrick and passed unanimously.

Nancy Ryan, who resides at 433 Lois Street (Account Number 13-324-000), was present to protest the \$1.00 penalty she received for being late with her water payment in January, and the subsequent penalties which were assessed when she did not pay the original penalty. Director Ela asked Ms. Ryan why she didn't appear before the Board sooner, rather than wait until five \$1.00 penalties had been assessed. Ms. Ryan responded that she did not realize until recently that her failure to pay the original \$1.00 penalty had accumulated additional penalties. After considerable discussion, Director Ela moved to deny any relief from the penalties which had been assessed to Account Number 13-324-000. The motion was seconded by Director Garber and passed with affirmative votes from Directors Ela and Garber, a negative vote from Director Ballagh and an abstention from Director Barrick. After the vote, Director Garber said the Board policy is a good policy and the Board shouldn't make variances. Director Smith said that in private companies exceptions to policy may be acceptable but in a public organization such as the Water District, there should not be any exceptions to policy. Director Smith went on to say that in May of 1985, the outstanding Accounts Receivable for water was \$108,126.23, whereas in May of 1986, the outstanding Accounts Receivable for water sales was only \$63,818.93, stating that the cash flow had improved by approximately \$45,000 since the Board had authorized the \$1.00 late penalty. The discussion concerning the late penalty and turn fees continued for approximately 15 minutes.

Director Ela moved to accept the minutes of the May 21st and June 4th meetings as submitted. The motion was seconded by Director Barrick and passed without opposition. Director Ballagh noted that the minutes of the February 5, 1986 meeting stated, "The apparent low bidder was L S Painting, Inc. of Fruita, Colorado, with a bid of \$37,305.87." and yet the project was awarded to Maupin Sandblasting and Coating Company of Strasburg, Colorado. Superintendent Schuster explained to the Board that by mathematically extending the unit price Maupin Sandblasting and Coating Company was the low bidder and that is

why the award was not made to L S Painting, Inc. Superintendent Schuster also told the Board that Director Ela had questioned this at the March 5, 1986 meeting, but the discussion failed to be entered in the minutes of the meeting.

Director Ela moved to pay the Accounts Payable of \$27,454.40 as submitted on the Report as well as \$22.00 to Bray & Company and the \$30,000 fund transfer to Mesa Federal Savings. The motion was seconded by Director Ballagh and passed unanimously.

Director Ela moved to accept the Financial Report as submitted. Included in the motion was a special compliment to Laveta for the manner in which she is preparing the Financial Report. The motion was seconded by Director Garber and passed unanimously.

The public hearing scheduled for July 2nd at the Clifton Community Center was discussed but no action taken.

Superintendent Schuster told the Board that he had investigated the use of water for domestic purposes in a high density subdivision, such as Parkwood Estates, and the use of water for agricultural purposes. This calculation showed that 146.45 acre feet of water per 40 acre parcel would be required in a high density subdivision such as Parkwood Estates whereas the same 40 acre parcel would require 178.51 acre feet of water for agricultural purposes. The Superintendent explained that these calculations were brought about as a result of the preparation for the court case to have the District's Grand Valley Irrigation shares changed from irrigation to domestic and irrigation. The Board was given a copy of a letter dated June 16th and addressed to Amanda Bailey, showing the Superintendent's calculations. The Board was also given a copy of the tabulation of the District's water rights which was prepared on June 17th and mailed to Black & Veatch Engineers for the merger study. The Directors briefly discussed the District's water rights and the report as being prepared by Black & Veatch for the City, Ute and Clifton water purveyors.

The Superintendent advised the Board that the Water District would be in court on July 18, 1986, to defend a \$950 claim from Mountain Bell Telephone for the damage to a buried telephone cable in the vicinity of 31 3/4 Road and E 1/2 Road.

The siding for the water office was discussed at some length. The Directors batted around the pros and cons of painting the building vs. putting metal siding on the exterior. The Superintendent presented a bid from Binkley & Sons Painting in the amount of \$950, which some Directors thought was too low to provide the quality job required. The Superintendent was instructed to check on other paint and siding costs and report at the next meeting.

Superintendent Schuster informed the Board that both Sheley and Schuster had advanced in certification in the Water Distribution Classification process.

The water right known as the "Clifton Pipeline Exchange" with the point of diversion at 23 Road and the Colorado River was discussed at some length. The Superintendent was told to apply for a 404 Permit in a timely manner. The timing of the application to coincide with the quadrennial filing of due diligence scheduled for 1989.

Director Smith opened the discussion for the wage and benefit package of the employees' by a brief demonstration of a matrix system for evaluating personnel. Director Smith had obtained this information from a recent workshop she had attended, entitled "Payroll Administration". The matrix system virtually eliminates the personal bias which may be present in evaluating an employee. The purpose of the matrix system is to make the salaries of individuals doing the same job more balanced. During the discussion of the wage and benefit package for the employees, Director Garber indicated that a possible pay cut was in order. Director Smith said that a pay cut is counterproductive and not in order for Clifton employees.

At 10:14 p.m. Director Ela moved to adjourn the regular meeting and to convene in executive session to further discuss the employees' wage and benefit package amongst themselves. The motion was seconded by Director Barrick and passed unanimously. Superintendent Schuster, Office Manager Kay and Chief Operator Blount excused themselves from the meeting at that point.

Secretary

John L. Ballagh

ATTEST:

Wm. M. Elg, V. P. Secy

Paul E. Barrick, Treas.

Sarah V. Smith, Secy.

MINUTES OF THE PUBLIC HEARING AND REGULAR MEETING OF
THE BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held on July 2, 1986
At Clifton, Colorado
At 7:30 p.m.

In accordance with notice given to property owners within the Clifton Water District, the public meeting and Board of Directors meeting were called to order at the Clifton Community Center.

Present were President Smith, Vice President Ela, Secretary Ballagh and Treasurer Barrick. Also present were Superintendent Schuster and 43+ members or property owners of the Clifton Community.

At 7:30 p.m. President Smith called the public meeting to order. Director Ela read aloud a fact sheet as prepared by the Superintendent which stated the reasons for the Availability of Service Charge, the State Statutes supporting the Charge, the estimated annual revenue which will be realized from the Availability of Service Charge. After reading the opening remarks, questions were fielded from the audience. At 7:45 p.m. Director Garber entered the meeting and along with Directors Smith, Ela, Ballagh and Barrick, helped to answer questions from the audience. After the Availability of Service Charge was understood by those present, the general consensus of the crowd was to be in favor of the Availability of Service Charge.

At 8:28 p.m., there being no further questions, Director Ela moved to adjourn the public meeting and reconvene the Directors meeting at the Water Office. The motion was seconded by Director Barrick and the public meeting concluded.

After reconvening the Directors meeting at the Water Office and a 25 to 30-minute discussion, Director Ela moved to adopt the Availability of Service Charge as being 37.59% of the average service charge collected in 1985, not to exceed \$5.00 per month and to become effective August 1, 1986; the words of the adopted policy to be polished, or accepted by Attorney Bechtel. The motion was seconded by Director Ballagh and, after another 10-minute discussion, passed unanimously.

Director Ela moved to follow up the new policy with letters to the Bar Association, Loan Closers, Title Insurance Company, Real Estate Offices and other interested parties to the best of our ability and then this notice to editorialize somewhat noting that the credibility of the loan officers would be enhanced by notifying the Clifton Water District of property closings within the District in order that all due Availability of Service Charges could be documented and paid for at closing. The motion was seconded by Director Barrick and passed unanimously.

The District considered bids for improving the deteriorating exterior of the Water Office from two painting contractors and three siding contractors as follows:

Paint:		
Binkley & Sons Painting:		\$ 950.00
B & J Painting Company:		2,070.00
Siding:		
	Steel Siding	Vinyl Siding
Western Slope Exteriors	\$6,595.00	\$5,863.00
Omni Construction	6,340.00	5,890.00
Precision Home Builders	6,792.00	no bid

After considerable discussion, the Directors elected to put siding on the building rather than paint the building. Director Barrick moved that the District accept the bid for the vinyl siding from Western Slope Exteriors in the amount of \$5,863. The motion was seconded by Director Ballagh and, after some more discussion, passed unanimously.

After the siding question for the Water Office was decided, the Directors spent an hour and a half visiting with the Superintendent over the wage and benefit package for the employees. The Directors advised the Superintendent that they had budgeted a \$9,000 increase in wages and benefits for the employees for the next 12 months and based on the criteria and other information, the Superintendent is to present his recommendations for a final package to the Directors by the meeting of August 6th for consideration to be effective retroactive to July 1st.

The Superintendent read an exchange of letters between the Mesa County Commissioners and the Water District concerning the requirements of a service plan. The Clifton Water District was not required to file a service plan as the District was formed prior to a service plan being required. However, in accordance with C.R.S. 32-1-208 enacted May 3, 1985, the Water District did file a Statement of Purpose with the Mesa County Commissioners and the Division of Local Government on September 3, 1985. The information in the letter from the Mesa County Commissioners dated June 25, 1986, contained erroneous information which was corrected by the Superintendent's letter to the Commissioners dated July 1, 1986. There was some discussion concerning this exchange of letters but no action was taken.

The Superintendent also explained to the Directors that the 1978 Chevrolet pickup which was recently sold was sold in the condition as it was viewed by prospective bidders, and not cannibalized after the inspection and that the new tires which were on the pickup were removed and placed on another District pickup. The Superintendent also went to some length to discredit the credibility of the person who originally initiated suspicion of misbehavior on District employees. Director Barrick stated that he wanted it in the vehicle logs of the pickup that received the tires which were taken off the 1978 pickup, and that any other time there was an exchange of parts between District vehicles, that this be noted in the logs for future reference.

The Superintendent reported to the Directors that he had reduced the number of meter readers (District employees) from three to two because the additional person was needed in the office more than in the field reading meters. After this announcement, the Directors spent a considerable amount of time discussing meter readers, the safety of meter readers and meter reading in general, most particularly the vast potential of more sophisticated meter reading equipment which is on the market and the availability to the District at some future time.

Director Ballagh reported that he had read the October, 1985 Black & Veatch Report and his opinion of the quality of the report was the same as the opinion of most of the others who had read the report. He thought the report was poor, shallow, and did not provide an in-depth study of some of the facets of the potential merger which needed to be studied.

Secretary

John L. Ballagh

ATTEST:

Wm. McElroy, V. Pres.

Paul E. Barick, Treas.

Sarah V. Smith, Pres.

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held on July 16, 1986
At Clifton, Colorado
At 7:30 p.m.

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

The meeting was called to order at 7:34 p.m. by President Smith who immediately asked for the approval of the minutes of the June 18 and July 2, 1986 meetings. Director Ballagh requested that the seventh paragraph on page 1 of the July 2, 1986 minutes be expanded to show that in addition to the three construction companies submitting bids for siding we also received two bids from painting contractors. Director Ballagh also requested that the ninth paragraph on the first page of the July 2, 1986 minutes be expanded to show that the Mesa County Commissioners were not aware that a service plan was not required when the District was formed. Instead, in accordance with C.R.S. 32-1-208 enacted May 3, 1985, the District had filed a "Statement of Purpose" with the Mesa County Commissioners and the Division of Local Government on September 3, 1985.

Director Smith inquired as to the propriety of the wording used in the first paragraph on the second page of the July 2, 1986 minutes. The other Board members and the Superintendent being ambivalent to the matter, the wording remained.

Director Garber moved that the minutes of the June 18, 1986 meeting, be approved as submitted and the minutes of the July 2, 1986 meeting, be approved as corrected. The motion was seconded by Director Barrick and passed unanimously.

Director Barrick moved that with the exception of the \$568.76 check for Rainbow Printing, the Accounts Payable of \$19,199.17 as shown on the report be allowed along with the following:

1. \$155.09 Rainbow Printing - Printing for June;
2. \$27,500 - Mesa Federal S & L - fund transfer;
3. \$102.00 - Mesa County - Building permit (siding);
4. \$14.60 - Jim DeLuzio - Refund;
5. \$115.56 - Grand Valley Rural Power Lines - June power;
6. \$8.40 - Mary Lou Fantin - Refund;
7. \$20.40 - Valley Services - Refund;
8. \$21.00 - Bray & Co. - Refund.

The motion was seconded by Director Ballagh and passed without opposition.

The Directors discussed the Financial Report which included not only the financial status of the District to June 30, 1986, but also an accounting of the expenditures for the first six months with 50% of the 1986 budget. After some discussion, Director Smith complimented Office Manager Kay for the comparison of the actual funds with the budgeted funds and requested that all future profit and loss statements be prepared in like manner. The Superintendent told the Board that the District was in receipt of a letter from Miller, Thompson & Hocking announcing the relocation of their office which would indicate the apparent demise of Maxfield, Miller & Company. Director Smith, having some firsthand information, added some more comments concerning the separation of Maxfield and Miller and based on the turn of events endorsed the District to accept bids for the 1986 audit.

Director Ballagh moved to adopt the following policy:

AVAILABILITY OF SERVICE CHARGE POLICY

Pursuant to Section 32-1-1006(1)(h)(1), C.R.S., the Board of Clifton Water District held a public meeting on July 2, 1986, after notice was mailed to each taxpaying elector of the District at his last known address, as disclosed by the tax records of Mesa County, stating that an availability of service charge was to be considered at such meeting and specifying the date, time and place of the meeting.

Members of the public attended the July 2 meeting and the availability of service charge was discussed. Based upon this discussion and the Board's consideration of the needs of the District and its water users, the Board determines that it is in the best interest of the District and the persons it serves to adopt the following availability of service charge:

POLICY

1. Purpose. The purpose of this policy is to require a fair and equitable revenue contribution toward repayment of debt incurred by the District for making water service available, from those persons whose property is benefited by such availability but who presently contribute nothing toward such costs because subsequent to installation of a meter, they elected not to use the available services. All revenue generated by the availability of service charge shall be used to repay principal and interest on bonds and other outstanding indebtedness of the Clifton Water District and for no other purpose.

2. Persons to be Charged.

2.1 The availability of service charge shall apply to owners of property on which a metered hookup to the District's water line has existed in the past and which property could presently be supplied through the District's water lines installed and ready for connection within 100 feet of the property line, but to which line the property presently has no metered connection.

2.2 The availability of service charge shall apply to each residential lot or residential lot equivalent for which water service is available, but unused, as described in paragraph 2.1 above.

3. Computation of Charge Amount.

3.1 The availability of service charge shall be a percentage, not to exceed 50%, of the average useage fees, rates or charges (hereinafter "useage charges") to users derived by dividing the total useage charges during the last preceding fiscal year by the total number of users in the District.

3.2 Said percentage shall be redetermined annually by the Board.

3.3 The aggregate amount of revenue budgeted and expected to be derived from the availability of service charge shall not exceed the total amount of principal of and interest on the outstanding indebtedness or bonds of the District for services currently budgeted for and to mature or accrue during the annual period within which the availability of service charges are payable, less the amount budgeted and expected to be produced during such period by the mill levy allocable to such service then being budgeted for and levied and assessed by the District.

3.4 In fiscal year 1985, the average monthly useage charge per user was \$13.30. The Board has determined that the availability of service charge for the 1986 fiscal year shall be 37.59% of the average monthly useage charge per user in 1985, or \$5.00 per month.

3.5 The board estimates that this availability of service charge will generate approximately \$25,500.00 annually which amount does not exceed the limitations set forth in paragraph 3.3 above.

4. Billing of Availability of Service Charge.

4.1 The availability of service charge shall be billed monthly to property owners described in paragraph 2.1 above.

4.2 Payment requirements and penalties for nonpayment shall be handled in the same manner as payment requirements and penalties for nonpayment of useage charges.

5. Effective Date. This policy is effective as of August 1, 1986.

IT IS SO RESOLVED this 16th day of July, 1986 by unanimous vote of the four Board of Directors present.

The motion was seconded by Director Garber and passed unanimously.

Director Barrick moved to change the wages of the employees in accordance with the following table:

Monthly Pay Effective 7-1-86

<u>NAME</u>	<u>EXISTING MONTHLY</u>	<u>INCREASE</u>	<u>PROPOSED MONTHLY</u>
Ray	\$4,058.00	\$54.00	\$4,112.00
Carey	2,211.00	69.00	2,280.00
Laveta	2,010.00	30.00	2,040.00
Shirley	1,577.00	35.00	1,612.00
Dale	2,036.00	71.00	2,107.00
David L.	1,883.00	57.00	1,940.00
Tom	1,796.00	57.00	1,853.00
Dave R.	1,883.00	57.00	1,940.00
Violet	1,464.00	95.00	1,559.00
Brian	1,539.00	97.00	1,636.00
Joan	\$5.56/hour	\$0.27/hour	\$5.83/hour

The motion was seconded by Director Garber and passed unanimously.

Superintendent Schuster and Director Garber informed the balance of the Board that the vote on the special election held on July 15, 1986, for the inclusion of the Whitewater Area within the Clifton Water District passed on a vote of 18 to 0 and the new State Statutes require no additional action from the Board. The District had already submitted the Election Judges' Report to the District Judge for a Court Order for inclusion.

The Superintendent was asked if there had been any reaction from Mesa County concerning his July 1, 1986 letter. The Superintendent advised the Board that no further dialogue had taken place between him and the County in that particular manner; however, the County did agree to include the construction of the relocation of the 3" water line on 30 Road just north of I-70 B within the County Construction Contracts. The Superintendent also advised the Board that he had told the County this was entirely unacceptable, that the District wanted 100% control over the relocation of the new water line and that the District did not want a repeat of the problems encountered in the reconstruction of F Road between 32 Road and I-70 B, when the County included the relocation of water lines required in that construction in their contract. The County was to get back to the Superintendent to advise him if this would be acceptable to them. There was also some discussion of the District billing the County for the relocation of four valve boxes on F Road between 33 1/2 and 34 1/2 Roads and the Superintendent told the Directors a bill would be sent to the County for this expense. The matter of payments from Mesa County in other regards were also discussed.

The Superintendent announced that the 1986 Annual Conference of the Special District Association of Colorado was scheduled for Snowmass on September 4th and 5th, and if any Directors intended to attend reservations for their hotel rooms should be in Snowmass by August 11, 1986. Director Garber expressed some desire to attend this annual conference in order to become more informed on Special Districts and therefore a more valuable Director for the District. The Superintendent was also advised by the Directors to advise the SDA of Colorado that not all Directors were receiving their mail in a timely manner.

The Superintendent gave the Directors a copy of a letter received from Joe Coleman concerning the promissory note of Foster/Foster/Coleman and a proposal to resolve same. The letter was dated July 15, 1986, and listed, in vague

terms, a method of settlement. Director Ballagh moved to conditionally accept the Foster/Foster/Coleman proposal of July 15, 1986, provided that the District can protect themselves against preferential judgement and other liabilities which may surface after we receive an attorney's opinion and to make sure that the pond area (where the Plant #1 backwash water is collected) is included in any negotiations with Foster/Foster/Coleman. The motion was seconded by Director Barrick and passed unanimously.

Director Ballagh discussed with the Board a conversation he had had with Monika Todd of the Mesa County Elections Office. Monika Todd was concerned about the ambiguity of the State Statutes, one requiring electors to be registered 32 days prior to an election and the other requiring electors to be registered 25 days prior to an election.

Director Barrick advised the other Directors that the Clifton Fire Department Rescue Squad would transport injured District employees without charge; however, when workman's compensation was involved, they would make a claim.

Director Garber stated that he thought the District should make it known that the water will be turned off at meters in the event of a leak without charge. Superintendent Schuster and Office Manager Kay thought that this was the case since there had been so many requests in the event of a leak.

The meeting adjourned at 9:33 p.m.

Secretary

John L. Ballagh

ATTEST:

W. M. Elly, Secy.

Paul E. Barrick, Treas.

Sarah V. Smith, Pres.

Martin Garber, Dir.

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held on August 6, 1986
At Clifton, Colorado
At 7:30 p.m.

Present were President Smith, Secretary Ballagh, Treasurer Barrick and Superintendent Schuster.

Prior to calling the meeting to order, the Directors received corrected copies of the minutes of the July 2nd meeting and Director Ballagh requested that the Superintendent obtain a copy of the report of the project north of Fruita prepared by Briscoe, Maphis, Murray and Lamont for the Mesa County Planning Commission for his review. Director Ballagh wanted to investigate the authors' opinion on the financial capability of the Ute Water Conservancy District.

At 7:41 p.m. Director Smith called the meeting to order.

The first item on the agenda was a Superintendent's explanation of an attempt to retain an attorney to provide the District with counsel during the negotiations with Foster/Foster/Coleman in accordance with the decision made during the July 16th meeting. The Superintendent advised the Directors that he had attempted to retain several attorneys to provide counsel to the District during these negotiations, and after finding a conflict of interest when contacting Greg Hoskins and J. D. Snodgrass, he retained Dan Griffin to provide counsel in these negotiations.

Director Ela entered the meeting at 7:49 p.m. and was brought up-to-date on the Foster/Foster/Coleman situation.

Various facets of the Foster/Foster/Coleman agreement and the proposed work out were openly discussed among the Directors. Director Ela was surprised and disappointed that paragraph 9 of the January 31, 1983 agreement had not been fulfilled to the letter as it was his understanding that this had been taken care of. After 20 minutes of discussion, Director Ela moved to table the matter until the next meeting in order that the Directors could be provided more information from Attorney Griffin to make a prudent decision concerning Joe Coleman's proposal. The main topics that Director Ela wanted more information on was the chain of title of the deed of trust of the 40 acres the District was to receive, an attorneys opinion on the liability for continuing discharging in the pond at Southridge and most especially wanted Attorney Griffin's opinion on paragraph 2 of page 3 of Coleman's letter. The motion was seconded by Director Barrick and passed unanimously.

Director Barrick requested the Superintendent to call Gordon Tiffany, Mesa County Administrator, and request a response to the Superintendent's letter of July 1, 1986. Director Ela thought that this phone call would not be necessary and it could be interpreted as an adversary call by the County.

The Superintendent reported that the District failed to defend its position with Mountain Bell in the recent trial and will be liable for paying the \$100 deductible, with the insurance company picking up the balance of the \$1,013.22 claim.

The Directors also discussed pending construction in the Clifton Water District as proposed by the Colorado Department of Highways and Mesa County Road Department north of I-70B.

The Superintendent requested to meet less frequently since very little construction and related items were taking place in the District. Director Ela suggested that the Board continue to meet on the third Wednesday of each month and meet only on the first Wednesday at the call of the Chairman of the Board. Director Barrick put Director Ela's suggestion in a motion. Director Barrick's motion was to hold the Directors' meeting on the third Wednesday of each month and hold other meetings at the President's call. The motion was seconded by Director Ela and passed without opposition.

Director Barrick brought to the Board's attention a problem created by the pipeline crossing near the old Clifton Bridge. The pipeline installed in 1957 had created a water fall which acted like a low head dam. Director Barrick told the Board of two incidents in which boats were caught in the current created by the low head dam effect in the river and suggested the District take steps to eliminate any liability. The Superintendent advised the Board that he was in the midst of preparing an application for a 404 permit to remove the water fall. Director Ela suggested that the District would not be any more liable for problems created at the pipeline crossing than the Price Ditch would be for their dam upstream on the river and continued by saying that the erosion was an act of nature and that people using the river should be aware of what is in the river for their own protection. The Superintendent suggested the possibility of a long span type crossing, using the existing and abandoned bridge abutments. The new crossing could be accomplished without the expense of relocating the pipe under the river. The Directors directed the Superintendent to look into such a possibility.

The meeting adjourned at 9:27 p.m.

Even with the adjournment of the meeting, the Directors stayed on and discussed various items for another 20 minutes. Among the items discussed was the Sid Nichols agreement on the land purchased from the Gundersons on which the treatment plant is situated. The Superintendent was instructed to look into whether or not the intent of the agreement between Mr. & Mrs. Nichols was being achieved or whether others had expanded upon the District's generosity without authorization.

Secretary

John L. Ballagh

ATTEST:

Wm. M. Ela, Treas. Sec.

Paul E. Barrick - Sec. Treas.

Larah V. Smith, Pres.

MINUTES OF REGULAR MEETING OF DIRECTORS

CLIFTON WATER DISTRICT

Held August 20, 1986
at Clifton, Colorado
at 7:30 P.M.

Present were President Smith, Vice President Ela, Secretary Ballagh, and Treasurer Barrick. Also in attendance were Superintendent Schuster, Office Manager Kay and Chief Plant Operator Blount. Mr. and Mrs. Dick Sherwood from the Lazy S Arrow Motel in Whitewater were also present.

President Smith called the meeting to order at 7:30 p.m. and immediately gave the floor to the Sherwoods to present their case. The Superintendent advised the Directors that the Sherwoods were owners of the Lazy S Arrow Motel in Whitewater and had originally received a bill for one unit and 14 other units which shared the motel tap (referred to as a "sub-unit fee" from January 16, 1980 to May 15, 1985 when it was changed to "tap and tap sharing fee". For the sake of simplicity, sub unit fee will be used in these minutes when referring to a tap that is shared in accordance with the policy adopted May 15, 1985). Upon receiving the bill, they contacted the water office and requested an inspection of their facilities by the Superintendent. After inspecting the facilities the Superintendent advised the Sherwoods that they would be responsible for one tap and eleven sub units, which consisted of eight motel units and four trailers.

The Sherwoods were at the Director's meeting to appeal the Superintendent's decision. The Sherwoods advised the Directors that at most, the motel had seen only 10% to 12% occupancy for the past ten years and in the last three years subsidized housing was cutting into their rental units and in general requested a variance due to a hardship case. After thirty minutes of discussion, the Directors realized that they did not have sufficient information to make a decision and asked that more information be obtained and be presented at the September meeting.

Director Ela moved to charge the Sherwoods no more than they were being charged by the Home Water Supply Company for the current billing period. The Directors would make a decision as to the disposition of this case at the Sept. 17th meeting. Director Ela made it plain that the Lazy S Motel is being charged two base units under Home Water Supply and that this rate would be in effect for the current billing period. The motion was seconded by Director Ballagh and passed unanimously. Director Ela advised the other Directors he would not be present at the September 17th meeting and unless substantially different facts were presented at that meeting he would vote for "no relief". At this point, the Sherwoods excused themselves from the meeting.

The Directors discussed the tap sharing fee for another twenty minutes before going on to other business.

Director Ballagh moved to approve the minutes of the July 16th and August 6th, 1986, meetings as presented. The motion was seconded by Director Barrick and passed without opposition.

After some discussion on the accounts payable, Director Ela inquired as to the energy cost of Plant #2 since going on the Primary Interruptable rate. The Superintendent advised the Board that in July of 1986 the District was billed \$9,555.37 for electric power, at a cost of \$0.04 per kilowatt-hour; \$8,188.42 in 1985 at a cost of \$0.036 per kilowatt-hour, and \$15,263.46 in 1984 at a cost of \$0.07 per kilowatt-hour. The Superintendent explained that the difference between 1985 and 1986 was an adjustment in fees by Public Service Company as allowed by the Public Utilities Commission.

Director Ela explained the 1985 FICA Audit to the new members of the Board. He explained that the Directors would be paying the employee share of the FICA obligation of their director fees.

Director Ballagh moved to replace the door on the south side of the water office. The motion died for lack of a second. Director Ballagh changed his motion to have the Superintendent look into the purchase of a new door for the south side of the water office. Director Smith said that no motion was needed for this action and instructed the Superintendent to look into the matter of a door for the south side of the water office.

Director Ballagh moved to approve the accounts payable as shown on the report in the amount of \$50,089.39, plus a check in the amount of \$27,500.00 which is a transfer of funds from Palisades National Bank to the Mesa Federal Money Market and a \$50.00 refund check for Home Water Supply's payment to BLM for a special use application. The motion was seconded by Director Ela and after a discussion which included; the cost of overlaying Lois Street, the proposed construction of Frances Subdivision, the new line between G Road and 656 33 3/4 Road, and the new line east of 34 Road on G Road; the motion passed unanimously.

Attorney Griffin could not make contact with Joe Coleman to get the information required for the the Board to act on the Foster/Foster/Coleman proposal presented and tentatively accepted at the July 16th meeting. Director Ela again indicated that he would not be present at the September 17th meeting and advised the other Directors that he was torn between two scenarios. He painstakingly advised the other Directors of his dilemma stating that most lending institutions had taken a beating or a discount on loans to individuals within the valley due to the recent downturn of the economy and that Clifton may be smart to do the same as it applies to Foster/Foster/Coleman on the one hand. On the other hand he described Joe Coleman as a real fighter who would probably find some way to avoid bankruptcy and find a way to repay the District the balance of the promissory note if the District persisted. In closing, Director Ela told the other Directors that he would find no argument with whichever path they took in finalizing the decision on the Foster/Foster/Coleman proposal.

Director Ballagh said he had a real problem with the District owning real estate that was not used to carry out the everyday business of the District. Director Barrick felt that the District would not acquire any property unnecessarily, but merely to recoup the investment of public funds rightfully belonging to the District. Director Ela stated that he had a problem with the District owning the pond where the backwash water from Plant #1 is presently being discharged and that ownership of the pond may put the District in a position where a discharge permit is required. Director Ballagh moved to reconsider the conditional acceptance of the Foster/Foster/Coleman proposal as stated in the July 16, 1986, at the September 17th meeting. The motion was seconded by Director Ela and passed unanimously.

Director Barrick asked the Superintendent what had transpired since the last meeting when he had advised the Superintendent that Nichols was renting the District property on Gunderson Island to a third party. The Superintendent told the Directors that he had sent the Nichols a letter asking for their authorization to rent to a third party, he had not received an answer and he would follow up in a few days.

Director Ela moved to appoint the Superintendent to oversee preparation of the 1987 budget in accordance with CRS 20-1-105. The motion was seconded by Director Barrick and passed without opposition.

The Superintendent told the Directors of a meeting between the Special Districts of Mesa County and the Mesa County Commissioners which was held on August 20th. He told the Directors that some headway had been made at that meeting and that a committee of six, three representing SDA of Mesa County and three representing Mesa County were to meet to finalize policy that the County would undertake in the relocation of utilities within County road right-of-way during reconstruction of the County road system.

The Superintendent also advised the Directors that the District has been audited by an independent auditor concerning the 1983 and 1985 contracts the District had with the Colorado Department of Highways for the relocation of utilities on Highway 146 (32 Road).

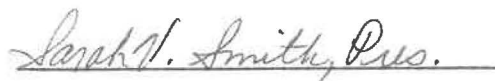
There was some discussion concerning the request for proposals from Certified Public Accountants as found in the Grand Junction Yellow Pages, and Office Manager Kay advised the Directors that she had conducted four interviews with CPA firms and had received proposals from two of these firms for the preparation of the 1986 audit.

There followed a discussion on the contract with the City of Grand Junction for raw water for Plant #1 as well as for the crossing of the Colorado River at 32 1/4 Road. The Superintendent advised the Directors that finalization of both would be forthcoming.

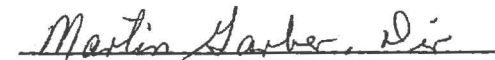
There being no further business, President Smith adjourned the meeting at 10:05 p.m.


Secretary

ATTEST:


Sarah V. Smith, Pres.


Wm. M. Elch, V.P.


Martin Garber, Dir


Paul C. Barrick, Treas.

MINUTES OF REGULAR MEETING OF DIRECTORS

CLIFTON WATER DISTRICT

Held September 17, 1986
at Clifton, Colorado
at 7:30 P.M.

The officers present were President Smith, Secretary Ballagh and Director Garber. The staff present were Superintendent Schuster, Office Manager Kay and Chief Plant Operator Blount. Mr. and Mrs. Dick Sherwood from the Lazy S Arrow Motel in Whitewater were also present.

President Smith called the meeting to order at 7:30 p.m. President Smith asked the Sherwoods if they had the information requested at the August 20th meeting. Mrs. Sherwood responded by saying the water consumed in the last year, prior to being connected to Clifton, was 143,000 gallons at an average monthly cost of \$46.35. Director Garber stated that he had talked with various water purveyors in the area and found that Clifton was the only water purveyor that charged such a healthy sub unit fee to motels. The Superintendent advised the Board that he had talked with Attorney Bechtel, and that Attorney Bechtel said the Board could create a variance in the case of the Whitewater customers and not set a precedent, as the Whitewater situation was very unusual and is very unlikely to be repeated.

The Superintendent advised the Directors that exceptions to the subunit fee had been made in the case of Carol's Cove, Image Photography, and G.R. Construction as they had been in multiple use prior to January 16, 1980. McIntosh Refrigeration on 30 Road was the only subunit case which came before the Board that was denied due to not being eligible under the "grandfather clause". Director Ballagh expressed his concern over allowing a variance of the Sherwoods over the long term. Additional units could be installed which would be an expansion of today's variance.

After considerable discussion, Director Ballagh moved that the present owners of the Lazy S Motel in Whitewater be provided water to Account # 00-000-845 and that their minimum monthly water bill be set at \$19.15 (\$14.15 P&I on a base tap fee, plus \$5.00 for 3,000 gallons) for the base unit and \$14.15 (P&I on a subunit fee) for the secondary units, plus \$1.20 per thousand for all water used in excess of 3,000 gallons per month, and that this rate be retroactive to August 1, 1986. This charge would cover a base unit plus 11 existing units and that any expansion would be billed at the rate in effect at the time of the expansion. The motion was seconded by Director Garber and after more consideration passed without opposition. During the voting process it was noted that Director Ela had voted for no relief at the August 20th meeting.

Director Garber moved that the account Number 00-000-830 of Bill Essler be given the same consideration, only the subunit fee would only cover three other units. The motion was seconded by Director Ballagh and passed without opposition.

The Superintendent was instructed to write a memo to be placed in the Whitewater file that in the event an inclusion such as the Whitewater inclusion would ever take place in the future that each situation where there are extenuating circumstances, be considered on its merits.

Director Ballagh moved to accept the August 20, 1986 minutes as presented. The motion was seconded by Director Garber and passed without opposition.

Director Ballagh had a few questions on the profit and loss statement and financial report which were answered by Office Manager Kay. After some discussion Director Ballagh moved to accept the Financial Report and to approve Accounts Payable shown on the report in the amount of \$34,938.36, plus \$100,000.00 transfer of funds to Empire Savings; \$26,000 transfer of funds to Mesa Federal Savings; \$30.00 for rental of the Clifton Community Center;

\$10.80 refund to Stropolis; \$4.05 refund to Laurie Parman and \$309.60 out-of-pocket expenses for Superintendent Schuster while attending the RMSAWWA annual meeting. The motion was seconded by Director Garber and passed without opposition.

At 8:35 p.m., Attorney Dan Griffin entered the meeting to advise the Directors on his opinion on how they should proceed in responding to the conditions as proposed in Joe Coleman's letter to the Board dated July 16, 1986. Attorney Griffin explained in detail the options available to the Directors as well as detailing a response to the concerns of the Directors which had been expressed in previous meetings. After considerable discussion, Director Ballagh moved to authorize the Superintendent to get an appraisal on the property offered to the District by Foster/Foster/Coleman and for the Superintendent to use his discretion in instructing the appraiser as to what pieces of property to appraise, especially that property in the area of the pond which now accepts the backwash water from Plant #1. The motion was seconded by Director Garber and passed without opposition. At 9:50 p.m., Attorney Griffin excused himself from the meeting as the Directors went on to the balance of the agenda. The Directors made it plain that, pending more information, the conditional acceptance of the Joe Coleman proposal was still being considered.

Superintendent Schuster showed the Directors a line graph that had been prepared showing the actual amount of water diverted in 1985 from the Grand Valley Canal for use in the domestic system vs. the actual water available to the plant from shares of stock owned by both the District and the City of Grand Junction. Superintendent Schuster said that the volume of water under the line graph represented 35% of the water actually available to the District and that 65% of the water had continued on down the river without being used. The maximum day demand in 1985 was on July 8, when we diverted a total of 6.24 MGD, or the equivalent of 959.7 shares of Grand Valley Stock.

The Superintendent then showed the Directors another graph which assumed that the maximum day demand of July 8, 1985, totaled 1266 shares of Grand Valley Irrigation stock and all other water consumption being relative, which illustrated that of the 5,676 acre feet of water available to the plant only 2,742 acre feet would be used. The graph was an excellent illustration that the District's request to change the use of Grand Valley water from irrigation to domestic and irrigation would not be an expansion of historic use of the water.

The Superintendent also advised the Board that there is some controversy going on within the stockholders of Grand Valley Irrigation with reference to turning the laterals over to the Company to be lined by funds provided by the Bureau of Reclamation. Director Garber stated he was not knowledgeable enough about the situation to discuss it and Director Ballagh wanted the minutes to show that Clifton's use of Grand Valley Irrigation water did not require the lining of any laterals and other than that statement he would not participate in any discussion as he felt it would be a conflict of interest because he is closely involved in the situation through his employment. Director Smith said the Directors did not have enough facts to act on the matter and with the withdrawal of Director Ballagh there would not be a quorum.

Office Manager Kay reviewed proposals received from five CPA firms as well as her comments which accompanied her report to the Directors. After some discussion the Directors asked Office Manager Kay for a recommendation. Office Manager Kay said that she could work very easily with the CPA firm of

Chadwick, Steinkirchner, Davis & Co. P.C. and that if the Directors were so inclined she would appreciate a confirmation of her recommendation. After considerable discussion, Director Garber moved to appoint Chadwick, Steinkirchner, Davis & Co. P.C. to perform the 1986 audit in 1987 in accordance with their proposal. The motion was seconded by Director Ballagh and passed without opposition.

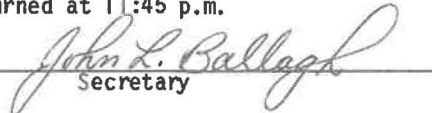
Directors Ballagh and Garber gave some accounts of the annual meeting of SDA of Colorado held at Snowmass which included examples of public relations in the form of a brief news letter which could appear on water bills, some discussion that a late charge on the availability of service charge could not exceed 1% of that charge, insurance available to special districts, COLOTRUST Investment program, and the new requirements of non discrimination against the handicapped, the discouraging of drug testing for the use of drugs and alcohol since abuse of drugs and alcohol as well as AIDS could be considered handicapped. It was the general consensus that termination of employment could not result for the use of drugs, alcohol, or contacting AIDS. They also discussed voting requirements for special district elections, deferred compensation for special district employees, and both mentioned the terrible food which was served during the conference. The Superintendent was instructed to check with the attorney concerning the 1% limitation on late charges for availability of service charges, the termination of employment of employees for the use of drugs, alcohol or contacting AIDS, as well as the ability of the District to incorporate revenues from a mill levy into the budget once it has been reduced to zero.

The Superintendent gave a brief report on the Rocky Mountain Section of American Water Works (RMSAWWA) Conference held in Breckenridge and displayed the "Award of Merit" the Water District management and employees had received for 207,915 consecutive man hours (equivalent of 100 man years) without a disabling injury accident presented at the Breckenridge conference. The Superintendent also told the Board that besides hearing some interesting technical papers he was especially impressed with a paper submitted by John A. Gallagher, entitled "The Use of Personal Computers for Utility Financial Planning and Rate Setting". The Superintendent went on to explain to the Directors that the purchase of graphics, word processing and spread sheet capabilities for our existing computer along with an additional terminal and printer would be cost effective and spent about fifteen minutes advising the Board of the various ways treatment and laboratory data could be filed and made more meaningful in the water treatment process as well as storing and compiling historical water consumption and water sales. It was the general consensus of the three Directors present to table the matter until a full Board was present for consideration.

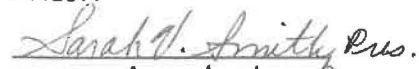

The Superintendent told the Directors that the money was in the 1986 budget to purchase this equipment at a cost of \$5,500, but he wanted specific authorization before committing the funds.

Director Ballagh moved to accept for review the proposed 1987 budget and set the budget hearing for October 15, 1986, at 7:30 p.m., and to do whatever is required to make the public aware that a budget hearing will be held. The motion was seconded by Director Garber and passed without opposition.

President Smith declared the meeting adjourned at 11:45 p.m.


Secretary

ATTEST:

MINUTES OF REGULAR MEETING OF DIRECTORS

CLIFTON WATER DISTRICT

Held October 15, 1986

Present were President Smith, Vice President Ela, Secretary Ballagh, Treasurer Barrick, and Director Garber. Also in attendance were Superintendent Schuster and Office Manager Kay.

President Smith called the meeting to order and opened the public hearing for the 1987 budget. During the discussion, Office Manager Kay showed the Directors correspondence from the Department of Local Affairs which stated that the maximum levy allowed by statutes for the Clifton Water District is 1.92 mills. This maximum levy could generate revenue from property taxes totaling \$102,078.00.

Jack Irwin entered the meeting at 7:45 p.m. to discuss the availability of service charge for his property at 3212 F Road (Account No. 13-461-000). Mr. Irwin related to the Board various items of information for the first ten minutes stating that he paid over \$10,000 in property taxes and that he thought the availability of service charge was unfair. Director Ela pointed out that none of the money he paid for real estate taxes went to Clifton Water District. This statement satisfied Mr. Irwin and he no longer objected to paying the availability of service charge. However, Mr. Irwin did stay on for another fifteen minutes of conversation with the Directors.

After Mr. Irwin excused himself, President Smith continued the hearing on the 1987 proposed budget. Questions concerning ramifications of the possible passage of Amendment #4 in the November 4th election was discussed with the Superintendent. The Superintendent stated he felt very comfortable with the water rates for 1987 but had not projected costs into 1988. The Directors thought it very important that the Superintendent get a handle on the 1988 revenue requirements and he was told to check with the attorney concerning passage of a doubling of the rates and allowing a 50% discount, then as more revenue was required to lower the discount rate. After considerable discussion on the budget as presented to the Directors, Director Ela moved to adopt the following Resolution and to authorize President Smith and Secretary Ballagh to sign a Resolution to that effect with said Resolution being sent to the various authorities as required by the statutes.

RESOLUTION OF BOARD OF DIRECTORS
OF THE
CLIFTON WATER DISTRICT

RESOLVED, that the budget for Clifton Water District (herein Called the District) for the calendar year 1987 be as follows:

ESTIMATED EXPENDITURES:

Water Purchases	\$ 18,250
Raw Water and Related Items	11,900
Mileage	500
Directors Fees	3,500
Purchase Office Equipment	5,000
Purchase Automotive	10,000
Purchase Equipment Plant #1	1,500
Purchase Equipment Plant #2	10,000
General Construction	49,695
Plant #2 Construction	20,000

Wages & Benefits-Office & Distribution	191,790
Office Expenses	74,100
Operating Expenses	234,550
Plant #2 Expenses Including Wages & Benefits	336,725
Bond Principal and Interest	201,000
Contingency	30,000
TOTAL ESTIMATED EXPENDITURES	<u>1,198,510</u>

ESTIMATED REVENUES:

Sale of Water	931,310
Sale of Taps	3,000
Sanitation District Fees	8,580
Interest Income	76,750
Miscellaneous Income	3,400
City of Grand Junction Reimbursement	100,470
Availability of Service Charge	35,000
Penalties & Turn Fees	40,000
TOTAL ESTIMATED REVENUES	<u>1,198,510</u>

IT IS FURTHER RESOLVED, that there is appropriated from the funds of the District one million, one hundred ninety-eight thousand, five hundred ten dollars (\$1,198,510) for general expenses of the District, and that this appropriation be a continuing appropriation whether said funds be expended during 1987 or thereafter. The motion was seconded by Director Barrick and passed unanimously.

Director Ballagh moved to accept the minutes of the September 17, 1986, meeting as presented with the stipulation that the minutes of this meeting clarify that the \$1.20 per thousand rate mentioned in the September 17th minutes meant the water rate for excess use in effect. That is to say, that as water rates for excess use increase or decrease, the excess use for Mr. Sherwood would increase or decrease correspondingly. The motion was seconded by Director Garber and passed unanimously.

Director Ela moved to accept the Financial Report and to approve the Accounts Payable as shown on the report of \$45,745.26, plus \$25,000 transfer of funds to Mesa Federal Savings; \$130.08 to Grand Valley Rural Power and \$23.38 to Grand Junction Wintronics Co. The motion was seconded by Director Garber and passed without opposition.

Director Barrick moved to accept Joe Coleman's offer of June 15, 1986, by accepting parcels 2943-343-00-066 and 2943-343-00-069 along with a First Deed of Trust of \$75,000 bearing interest at the rate of 7% per annum payable over 30 years on the Rolling Hills Sanitation Company's property as satisfaction for the payment for the promissory note between the District and Foster/Foster/Coleman. Title to the parcels must be clear and contain all mineral rights and otherwise be unincumbered, and in the event that the transfer of the parcels to Clifton Water District is declared to be preferential treatment, that the terms of the promissory note would be restored to the status before acceptance of Mr. Coleman's offer. The motion was seconded by Director Ballagh and passed on affirmative votes from Ballagh, Barrick, and Martin, and a negative vote from Director Ela.

The Superintendent told the Board that a notice dated October 7, 1986, stating the time, place, and day of the meeting of Board of Directors of Clifton Water District were placed in the offices of the Clifton Fire Protection District, Clifton Sanitation District #2, Clifton Community Center, Clifton Water District and the Clerk and Recorders office at Mesa County Court House.

The Superintendent related to Directors the discussion he had had with attorney Dufford and Attorney Bailey in their office on September 29th. Attorney Bailey had received an interrogatory from Union Oil Company of California in which she wished some assistance in preparing a response. Attorney Dufford had some concerns in the forthcoming court action the District is facing in changing their Grand Valley Irrigation Company water from irrigation to domestic and irrigation. Attorney Dufford suggested that the District and the City consider retaining an engineer to prepare a computerized study for presentation of our case at a cost that Dufford estimated at \$25,000. The Superintendent advised the Directors that he felt he had expertise to provide such a report and distribute the \$25,000 savings amongst the employees.

The Superintendent told the Board that he had obtained the irrigation water requirements for various crops within the Grand Valley and also obtained a crop census and based on this information developed a tabulation of the historical use of the Grand Valley Irrigation water which exceeded the historical diversions the District had required for domestic use. He told the Board that the tabulations he had prepared along with responses to other questions in the interrogatory had been submitted to Attorney Bailey on October 7th. The Superintendent told the Board that he was waiting for a response from Attorney Bailey concerning his submittal before proceeding. The Directors thanked the Superintendent for a fine job and since the ball is now in Amanda's court, to hang tight until he heard from Amanda.

The Superintendent advised the Directors that the computer capacity and speed of the DEC equipment could be increased at a cost to the District of \$5,000. The Superintendent also advised that since the workers in the office were happy with the existing system that it may be premature to spend any money on the DEC equipment at this time. In addition to the DEC equipment, the Superintendent also told the Board of various information he had collected concerning utilization of a personal computer for other tasks within the District. After some discussion, Director Ela moved to allow the District to purchase an analytical tool (McIntosh Personal Computer and software) to assist him in his record keeping at a cost of \$3,610 from Computerland. The motion was seconded by Director Garber and passed unanimously.

An engagement letter from Chadwick, Steinkirchner, Davis and Co., P.C. was presented to the Board for signature. Director Ela moved that the District Sign the engagement letter, provided that the letter was tied to the Chadwick, Steinkirchner, Davis and Co. proposal dated August 25, 1986, and stated that the audit must meet all statutory requirements. The motion was seconded by Director Ballagh and passed unanimously.

Superintendent Schuster presented a Petition of Albert Koenig to the Directors requesting inclusion of his property, which is located one mile southeast of the furthest southeast point of the Clifton Water District in the Whitewater area, within the District boundaries. During the discussion chlorine residual, friction loss, low pressure, highway permits, sub unit fees and the quality of construction of the line were discussed. After this discussion,

PETITION

TO: Board of Directors of the Clifton Water District

The undersigned respectfully states to the Board of Directors of the Clifton Water District that he is the fee owner of 100% of the real property hereinafter more specifically described; that the undersigned assents to the inclusion of such property in the Clifton Water District; and that such property is capable of being served with facilities of Clifton Water District.

Wherefore, the undersigned respectfully petitions the Board of Directors of the Clifton Water District that said real property be included within the boundaries of the Clifton Water District.

This petition is made in accordance with Colorado Revised Statutes 1973, 32-1-402 et seq.

The property owned by the undersigned is described as follows:

ALBERT KOENIG PARCEL:

A tract of land situate in part of the NW 1/4 of Section 24, T 2 S, R 1 E of the Ute Meridian more particularly described as follows:

Beginning at the Northeast corner of the NW 1/4 of Section 24, T 2 S, R 1 E of the Ute Meridian and considering the East line of said NW 1/4 to bear S 00°03'30" W and all other bearings relative thereto;

1. Thence S 00°03'30" W, 1,095.66 feet,
2. Thence N 39°13'00" W, 614.00 feet,
3. Thence N 28°49'13" E, 422.53 feet,
4. Thence N 00°03'30" E, 250.00 feet,
5. Thence S 89°55'30" E a distance of 185.00 feet more or less to the point of beginning.


Albert Koenig

STATE OF COLORADO)
) ss.
COUNTY OF MESA)

Subscribed and sworn unto before me this 8 day of October 1986 by Albert Koenig.

WITNESS my hand and official seal.

My commission expires December 11, 1989.

(NOTARY)
(SEAL)


Notary Public

Director Ela moved to not accept the petition for inclusion of Albert Koenig's property within the District and to deny service to the property at the present time until the Directors had sufficient evidence to believe that the water serving the property would have sufficient chlorine residual and pressure to adequately serve the property. After some delay, the motion was seconded by Director Barrick and on affirmative votes from Directors Ela, Barrick, and Ballagh and a negative vote from Director Garber, the motion passed.

Superintendent Schuster informed the Directors that the cost for testing of meters is \$20. The Superintendent told Directors this was adequate for a 3/4 inch meter but inadequate for the larger meters, especially two and three inch meters. The Superintendent recommended that the cost to the customer of testing meters be changed to: \$20 for 3/4 inch meters, \$25 for 1 inch meters, \$30 for 1 1/2 inch meters, \$70 for 2 inch meters and \$115 for 3 inch meters. Director Ballagh moved to accept the Superintendent's recommendation, the motion was seconded by Director Ela and passed unanimously.

Director Barrick inquired as to cost of testing fire line meters. The Superintendent advised the Directors that fire line meters were so infrequently used that testing of the meters would be unnecessary. During the discussion it was brought to light that not all fire lines to commercial buildings were fitted with a device to detect unauthorized use. The Superintendent was directed to look into the cost of metering fire lines to check for unauthorized water use or to establish some other means of checking to see that water from fire lines was not used for unauthorized purposes.


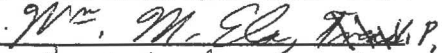
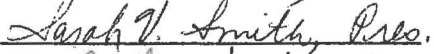

Superintendent Schuster advised the Directors that the annual Clifton Water District Christmas party was set for the Clifton Community Center on Friday, December 19th and asked the Directors if they wished to continue the tradition of providing turkeys for the Employees and Directors for the Thanksgiving/Christmas holidays. Director Barrick moved to continue the tradition by allowing a credit for one turkey to each employee and each Director and two turkeys for the Christmas party from Pond's Meat Market. The motion was seconded by Director Ela and passed unanimously.

President Smith presented Vice President Ela with the Distinguished Service award from the Special Districts Association of Colorado for his twenty-two and one-half years of service to special districts. Director Ela humbly accepted the plaque.

The meeting adjourned at 11:30 p.m.


Secretary

ATTEST:

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held November 19, 1986

Present were President Smith, Vice President Ela, Treasurer Barrick and Director Garber. Present in addition to the Directors were Superintendent Schuster, Office Manager Kay and Chief Operator Blount. President Smith opened the meeting at 7:41 p.m.

There was some discussion on Attorney Bailey's statement concerning Schuster's credibility as a witness in court action relating to the Clifton Water District. Director Ela stated that a jury may consider some loss of credibility since Schuster is employed by the Water District but there also could be considerable loss of credibility of another engineer who had accepted a fee of \$25,000 to find in favor of the District.

After some discussion, Director Barrick moved to accept the minutes of the October 15, 1986, meeting as presented. The motion was seconded by Director Ela and passed without opposition.

There was considerable discussion on the Accounts Payable and after this discussion Director Barrick moved to pay the Accounts Payable of \$57,100.19 as listed on the Report in addition to a transfer of funds of \$25,000 from Palisades National Bank to the District account at Mesa Federal Savings, \$500 to Max's High Country Auto Parts, \$47 to Tekmar Company, \$179.91 to Grand Valley Rural Power Lines, \$152.61 to Castings, Inc., and \$120 to the Special District Association of Colorado. The motion was seconded by Director Ela and passed unanimously.

In the absence of Director Ballagh, President Smith elected to skip some agenda items until his arrival. President Smith asked the Superintendent for a report on the Macintosh Plus the purchase of which was authorized at the last Directors Meeting. The Superintendent informed the Directors that Dale, Carey and himself had made strides in understanding and operating the computer.

The Superintendent reported that the preliminary engineering report on the "Unified Central Grand Valley Water System" had been presented by Black & Veatch and the District only had one copy. The Superintendent had prepared a summary of the findings of the report and presented them to the Directors. Director Ballagh entered the meeting at 8:10 p.m. and became involved in discussing the four alternatives with the two options for the first three alternatives. After 30 minutes of discussion, the Directors asked the Superintendent to copy pertinent parts of the report for each Director in order that they may study the alternatives and options in order to discuss the findings at a meeting of all three entities scheduled for Thursday, Jan. 8, 1987.

The Superintendent informed the Directors that Attorney Bailey had a more favorable outlook on the District's chances of changing their Grand Valley Irrigation shares from irrigation to domestic and irrigation by stipulation rather than court action. Director Ela moved to authorize the Superintendent to vote the District's Grand Valley Irrigation Company shares at the annual meeting of the Irrigation Company on December 6, 1986 at his discretion, and in the event he could not attend the meeting to give the District's proxy to a member of the Grand Valley Irrigation Company Board of Directors. The motion was seconded by Director Barrick and passed unanimously.

The Foster/Foster/Coleman proposal of July 15th as well as a letter from Attorney Griffin were discussed for two hours. The main thrust of the discussion was twofold. One was that the counterproposal the District submitted to Foster/Foster/Coleman through Attorney Griffin could not be accepted in its entirety, thereby relieving the District of the obligations of the counterproposal. The other were the credits requested by Coleman. It was generally agreed that a new agreement should be executed between the parties.

The new agreement would supersede the January, 1983 agreement and would specifically address the credits available to Foster/Foster/Coleman with respect to the amount of principal paid. Director Ballagh moved to enter into a new agreement with Foster/Foster/Coleman, said agreement superseding the January, 1983 agreement, reiterating how the credit on principal paid would be allotted, readdressing the highway crossing and requesting information on the assignment of credits and taps. The new agreement to be a clearer statement of the January, 1983 agreement and include that the rules and policies of the District shall apply to the parties of this agreement the same as the rules and policies of the District apply to all other users in the District as they apply at the time that action is taken, and to delete the provision that the note shall not be negotiated, transferred or assigned without the prior written consent of the maker. The motion was seconded by Director Barrick. On affirmative votes from Directors Ballagh and Barrick and negative votes from Directors Ela and Garber, the tie breaker was left to Director Smith. After considerable soul-searching and with the statement that the Directors had spent considerable time on the Foster/Foster/Coleman agreement and in an effort to settle the situation once and for all. The motion passed on an affirmative vote from Director Smith.

The Superintendent read aloud a letter from customer Peggy L. Graham (431 31 Road - Account Number 01-210-000) requesting a variance to the \$750 subunit fee. Director Ela moved to allow the Graham's to pay for the subunit fee over a period of 60 months at a rate of \$12.50 per month plus \$1.65 per month interest (a total of \$14.15) in addition to their regular water bill. The motion was seconded by Director Ballagh and passed without opposition.

Director Barrick moved to adopt the following resolution:

WHEREAS, pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, it is lawful for any county, city and county, city, town, school district, or special district (a Local Government Entity) to pool any moneys in its treasury, which are not immediately required to be disbursed, with the same such moneys in the treasury of any other Local Government Entity in order to take advantage of short-term investments and maximize net interest earnings; and

WHEREAS, COLOTRUST is a common law trust formed under the laws of the State of Colorado in accordance with the provisions of Part 6 and Part 7 of Article 75 of Title 24 and Articles 10.5 and 47 of Title II of the Colorado Revised Statutes regarding the investing, pooling for investment and protection of public funds; and

WHEREAS, the above referenced Local Government Entity desires to participate in COLOTRUST and therefore by a majority vote of its governing body has passed the following resolution:

NOW, THEREFORE, it is hereby RESOLVED as follows:

1. This Local Government Entity, Clifton Water District, hereby approves and adopts, and thereby joins as a Participant with other Local Government Entities pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, that certain Indenture of Trust entitled the Colorado Local Government Liquid Asset Trust (COLOTRUST) dated as of January 1, 1985 as amended from time to time, the terms of which are incorporated herein by this reference and a copy of which shall be filed with the minutes of the meeting at which this Resolution was adopted; and
2. The Superintendent, Raymond J. Schuster, who is the local government official empowered to invest the funds in this Local Government Entity's treasury, is hereby designated the "Treasurer", as that term is defined in the

Indenture of Trust, and as such is hereby designated our official representative to COLOTRUST and shall serve as a member of the Board of Supervisors of COLOTRUST and is hereby authorized and directed to execute the Indenture of Trust and such other documents as are required; and

3. The "Treasurer" designated in Section 2 above is hereby authorized to invest, from time to time the moneys in this Local Government Entity's treasury, which are not immediately required to be disbursed, in COLOTRUST by purchasing shares in COLOTRUST from time to time with available funds, and to redeem some or all of those shares from time to time as funds are needed for other purposes.

4. The Secretary of COLOTRUST, Mr. Russell H. Pierson, or his successor in function, is hereby designated as the official custodian of such funds as are deposited in COLOTRUST by this Local Government Entity during such time or times as funds may be on deposit with COLOTRUST.

And for the Superintendent to opt for the "check writing" capability, using discretion as to the use of the checks written, i.e. the transfer of funds between accounts and not to pay Accounts Payable or salaries. The motion was seconded by Director Ballagh and passed unanimously.

The Whiting Brothers' proposal to sell the District 55% of Grand Mesa Reservoir Company stock at an asking price of \$1,136,600 was discussed. After determining that the purchase of the Whiting Brothers' Grand Mesa Reservoir Company stock was not in the best interests of the District, no action was taken.

Director Ela moved to divide \$5,493.70 evenly amongst the 10 permanent employees as a one-time nonaccumulating benefit. To bring the matter to a discussion, the motion was seconded by Director Ballagh. After some discussion and on an affirmative vote from Director Ela and negative votes from Directors Garber and Ballagh, Director Barrick abstaining, the motion was defeated.

Director Barrick moved to pay each of the 10 permanent employees a one-time nonaccumulating benefit of \$200 each. The motion was seconded by Director Ela and on affirmative votes of Directors Barrick, Ela and Ballagh and a negative vote from Director Garber, the motion passed.

There being no further business, the meeting was adjourned at 11:25 p.m.


Secretary

ATTEST:


Paul G. Barrick, Sec.


Martin Garber


Wm. M. Ela, V.P.


Sarah V. Smith, Pres.

MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS

CLIFTON WATER DISTRICT

Held December 17, 1986

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

President Smith called the meeting to order at 7:32 p.m. Director Barrick moved to accept the minutes of the November 19, 1986 meeting as presented. The motion was seconded by Director Ballagh and passed unanimously.

There was considerable discussion of the Accounts Payable on the Financial Report wherein the Directors received more information on the payment to the City of Grand Junction for the phone bill, payments to BOSS for programming of the computer, Bookcliff Auto Parts and payments for Road Permits to Mesa County. After the discussion, Director Barrick moved to accept the Financial Report and pay the Accounts Payable of \$28,948.50 as submitted, plus payments to Grand Valley Rural Power Lines in the amount of \$83.49; Mountain West Office Products in the amount of \$43.29; Simmons Lock and Key Shop in the amount of \$76.22; and travel reimbursement to Plant Operator Blount in the amount of \$53.98 and Plant Operator Tooker in the amount of \$77.78. The motion was seconded by Director Ballagh and passed unanimously.

The agreement and memorandum of understanding between the District and Foster/Foster/Coleman, as prepared by Attorney Griffin, was discussed at some length. During the discussion, Director Barrick suggested that Directors Smith and Ela serve on a committee to negotiate any changes in the agreement and memorandum of understanding as presented. After some further discussion Director Ballagh moved to accept the agreement and memorandum of understanding as presented and to have Directors Smith and Ela, if available, serve to negotiate any changes Coleman may require. The motion was seconded by Director Barrick. During the discussion, and in response to a question, Director Ela stated he was not comfortable with the agreement and memorandum of understanding as he thought Joe Coleman would be good for the note as written, but the agreement and memorandum of understanding had everything the majority of Directors had bargained for in previous negotiations. On a call for the question, three Directors voted in favor of the motion and Director Ela voted against the motion.

The Superintendent gave a report on the annual meeting of the Grand Valley Irrigation Company which was held on December 6th and the auction which was held on December 11th. At the auction the high bid for Grand Valley Irrigation Company shares was \$255 per share and the low bid was \$215 per share. Clifton gave no bid higher than \$200.00. The Superintendent also reported that the attorney for the Grand Valley Irrigation Company had strenuously objected to Schuster being a committee member to report to the shareholders concerning the Bureau of Reclamation's participation in the salinity control project. However, Schuster was selected to fill a vacancy on the nominating committee and did have some input into the selection of two of the members that would sit on that committee. Schuster told the Directors that Attorney Bailey had nothing affirmative to report on the change of use of Grand Valley Irrigation shares from irrigation to domestic and irrigation.

The Superintendent advised the Board that the Colorado Attorney General had reversed the previous opinion on the legality of a special district purchasing Ginnie Maes. The Superintendent also reported that Attorney Bechtel had some question on the District purchasing Freddie Macs. During the discussion, the Superintendent was directed to have the accrued interest from Certificates

of Deposit, purchased after this date, to be mailed to the District on frequent intervals to avoid the possibility of the District losing funds in the event of a failure of a financial institution.

The Superintendent gave the Directors a report on the burglary of the Water Office which took place in the early morning hours of December 16th. The Superintendent reported that the only known missing item was a \$16.00 necklace which belonged to one of the employees. The money which was taken during the burglary was recovered by the Sheriff's Office and is being held as evidence. Most of the cash of the District was in a locked safe and was not disturbed.

Directors Smith and Ballagh reported some ill will that the late charge policy had created on some accounts, even accounts with as small a balance as \$0.67. The Superintendent told the Board that the staff was instructed to "make no exceptions". The consensus of the Directors was to leave the policy "as is" and make no exceptions. During this discussion the staff was directed to send a statement to all customers whether they had a credit or debit on their account. In order to prevent some confusion, the previous policy was to not send customers with a credit a statement.

The Superintendent gave the Directors a report on the American Water Works Company's proposal. The proposal was discussed at length, and in concluding the discussion Director Ela stated that no further consideration would be given the proposal until the Company had demonstrated an example of advantages to users of other water companies they had purchased.

The Unified Central Grand Valley Water System Report as prepared by Black & Veatch was discussed for 120 minutes. It was the general consensus of the Directors that the report failed to show adequate evidence that there would be savings to the Clifton Water users but they agreed to attend the meetings scheduled for January 29, 1987 with the City, Ute and the engineer, just to listen.

The meeting was adjourned by President Smith at 11:10 p.m.


Secretary

ATTEST:

