

1. Call to Order-6:35pm board members in attendance were, Paul Gray, Roy Horvath, Kevin Mallow, Bernadette Cuthair, Mardi Gebhardt, Ken Spence and (Barb McCall until 7:30pm) (via phone call) and Frank Smith. Deb Flick Advisory board member, and Kristi Brunner with B&W were also in attendance.

2. Approve Agenda

3. Duane Dale – USDA Rural Development – Review of Letter of Conditions & Questions – 40 min. Roy asked why we would seek a loan from USDA if we were going to seek a bond for the project? Duane explained that the type of bond USDA is requiring is a revenue bond not a municipal bond. Kristi asked if the bids come in under budget, how can we use the funds? Duane's response is- if it was in the original PER it is permissible, but to do something for phase 2 or 3 would not be permissible. Bid documents need to be based on the PER. That is why Duane asked if the cost estimates are still accurate because estimates may get stale over a period of time. If the bids come in under or over budget we will have to address that at the time. We have to get there first before we know what steps we will have to take. If we get more users in phase one can we add them; Duane's response; yes it helps lower the rate. The board will have to certify the base number of subscribers. Roy stated that he would like to use any future subscriber fees to pay off the existing loans and build a reserve. Duane stated this is permissible, USDA will not tell you how to set up or manage the financing of interim or other debt. These are Board decisions that USDA will not dictate.

Six month timeline applies directly to sections 1-3, 11, 13, of the letter. If we are not there in the six months then we need to let Duane know why and then he may consider an extension. However he is adamant that we get this bid as quickly as possible to ensure we are not extending the timeline too long and increasing the possibility of not coming in within budget. Our money will be expended first, loan funds next and grant funds are last to be expended. USDA will need to concur with expenses that we are paying out of our construction account prior to issuing the checks for design. Once a month Duane will come over to review pay applications, inspection documents, and the site. Duane will not de-obligate funds until the end of the project. Loan repayment will start one year after the project substantial completion. The first year will be interest only, exactly one year later we will start paying the base loan amount.

Roy will get the Water User agreement to Duane. Procedures for encouraging people to hook up to the system are needed. User agreements and plan to get new subscribers are important to Duane the declination of service is not as important to Duane. Three different groups, users, potential users, and declination group. The declination group will be allowed to participate in the future should they sign the declination form, but would be encouraged to participate now rather than in the future. Bernadette recommended being as transparent as possible throughout. Bernadette asked about the 5 year timeline on construction. Duane stated that the funds can be rescinded if nothing is done within 5 years. The timeline can be extended if the circumstances warrant.

The question was asked about fire flow? The system cannot be specifically designed for fire flow. If there is capability in the design to support fire flow, then it is a win. The fire dept. cannot donate money to us to increase the size of our tank. Design must be modest in size, scope, and design. Anything that goes beyond this probably won't be approved. Bulk users capacity must be considered in the PER for the system to work properly. Reasonable

growth is based on historical data and a thorough review. Water dock station is not recommended, because you want to encourage participation through water taps and subscribers.

4. Consent Agenda- a. Minutes from March 8, 2017 meeting & SWWCD Promissory Note
b. Invoices – Audit Progress billing & two advertisements for USDA notice publication-
Motion to approve items in the consent agenda was made by Kevin and seconded by Paul.
Approved by all.

5. Comments and communications- Roy got an email back from Tom Robert with the UNC environmental finance. EFC rate analysis spreadsheet is available on the board drive. Roy has spoken with Mike Brod of CRWPD. Deb suggested asking CRWPD to match the loan rate from USDA for the interim financing. Mardi made a motion to move forward with the USDA to meet the letter of conditions set forth with USDA. See committee report #4 below.

6. Resolution 2017-3 regarding meeting/posting locations for remainder of 2017- Kevin moved that we set our meeting place at the Fire Station in Hesperus for the remainder of the year. Bernadette seconded the motion. Approved by all. We could send the meeting dates to Robin Walsh of FLMFPD for review of potential conflicts.

Committee Reports

1. Finance – Mardi Gebhardt-Mardi got concurrence from UMUT for the March Invoices. Kevin stated that he will meet with Lena Thursday of this week to review March invoices. Mardi spoke with LPEA, Monty Caudle's estimate amount should still be good \$397,000. He will send an invoice for the materials if things with the contract don't come together by tomorrow. Mardi ordered hard hats and vests- \$265.00 (20 hard hats, 24 safety vests). Invoices for the ads for the NOA and FONSI were sent off to CWCB for reimbursement. Pay application #5 signed by both Keith's \$132,475.65 bid package 3, 30" pipe associated with the 210 pipeline. Kevin made a motion to pay the pay application #5 Frank seconded the motion which was approved. Mardi asked for a motion that once the LPEA invoice is received that she be permitted to send to our partners for review. Kevin made a motion that Mardi submit the invoice for payment as long as the total does not exceed \$400,000 budget amount. Paul seconded the motion, approved by all. Part of our water user agreement is to notify subscribers that we are going into final design. Kevin suggested having Amy review the agreement and come up with the key points that need to go into the notification. Ken mentioned that we need to have a better idea of what the monthly costs will be to notify the subscribers. Kevin suggested using a range to let them know what the potential costs will be depending on their water usage. Ken suggested again that we can get help from the subscribers to get the numbers to go down with the number of additional subscribers. Mardi will submit the safety vests and safety fencing to SDA for reimbursement.

2. Legal/Negotiations – Kevin Mallow- meeting for operating agreement is set for Thursday. SUIT Chairman designated Kevin as representative for SUIT and Lena as the Alternate for the OM&R committee. Roy has asked for the same from UMUT

3. Phase 0 Design/Engineering – Kevin Mallow a. Designation of Raw Water OM&R representative & alternate b. Designation of two members for LPWWA/LDWA rate committee. The start of next week Canyon will be ready for the safety fencing across CR 210. Fencing is in Roy's shed. ProBuild/Builders First Choice for Lathe. Construction meeting report- hitting more dense rock, the bore under 210 is being prepared. May proceed without monitors where areas were previously monitored. May have to open cut CR141 if

an agreement cannot be made with landowner. Richard Phillips Marine has not been responsive to phone calls seeking schedule. Roy brought up the need to designate board members to the OM&R committee. Mardi nominated Frank as the primary, Roy was nominated as the alternate. Mardi made a motion to close nominations. 6 in favor, and Kevin abstained. Rate committee nominations, two members from each organization are needed. Kevin nominated Ken Spence and Deb Flick to be on the rate committee, all in favor.

4. Phase 1 Design/Engineering – Mardi Gebhardt

a. Review options for community updates regarding Letter of Conditions-Kristi with B&W is here looking over routes, taking pictures. Mardi and Kristi went through the scenarios for leasing or purchasing the land for the tank to sit on in the Blue Hill area. One acre with an option to add land in the future for treatment plant, raw water storage. Resolution 2017-4 to designate board members to negotiate preliminary terms with regard to acquiring easements for construction of Phase 1. Kevin made a motion to approve resolution #2017-4 Frank seconded the motion which was approved. Kristi has added some photos to the ARCGIS file.

Mardi made the motion that we move forward in accepting the USDA Rural Development letter of conditions, Paul seconded the motion, which was approved. Mardi made a motion to have Bartlett & West move on with Final Design of the Phase 1 system. Kevin seconded the motion. Further discussion- Roy asked how we can better tell what we are paying for correlates to what was proposed in the scope of work. Especially with regard to easement acquisitions. We need to clear up communications issues that we may have by creating more clearly identifiable costs records for auditing purposes. Bernadette stated that Roy is in the right way of saying that we need to bring the billing up to the standards expected by the USDA and the Board. Four in favor and two opposed. Kevin stated that we need to designate two people to meet with Bartlett & West to identify where the problems are and get this lined out now. Frank offered to sit down and go through it, Mardi also volunteered to meet with Bartlett & West to clear this up. We will schedule a meeting to discuss this. Kristi asked to be involved in the conversation. Kevin asked for a task list to be compiled from that meeting so we know who is responsible to do what.

5. PR/Marketing/Web Presence/Board Timeline – Ken Spence- we did not get to this agenda item.

6. Archive/Information Access & Naming – Ken Spence- we did not get to this agenda item.

7. Grants/Fundraising – Roy Horvath 8. Engagement/Capacity Building – Roy Horvath- we did not get to this agenda item

New Business

1. Next LPWWA Board meetings – May 10 & June 14, 2017

2. Adjourn; 9:36pm

Minutes as reported by Frank Smith, LPWWA, Substitute Secretary

Approved May 10, 2017

