

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 9, 2001**

Jerry Figueroa called the meeting to order at 7:35 p.m. at Association Headquarters. Board members present were Herman Kline, John Hawkins, Bryan Klaseen, Ellis Fritchman, Jerry Figueroa and Kelly Peterson. Also present were Roger Parks, Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to approve the minutes of the board meeting held on June 11, 2001 as written and mailed to the board members.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to accept the June Cash Flow Report as presented.

MOTION CARRIED with no opposing votes.

CPA Review. Jerry Figueroa commented on the increase of revenue from water assessments over the previous year. There were no other questions

End of Month and System Usage Reports:

Ellis Fritchman asked how much water was being processed through the filter plant. Dan Hawkins said he did not know what the peak flow has been, but the average is less than three cfs.

Jerry Figueroa asked if the USCDWUA percentage of flow through the plant has increased since Cedaredge has completed its new transmission line and tank project. Hawkins said the USCDWUA flow has increased to about 30%, compared to less than 20% in past summers.

Dan Hawkins said the charges of about \$15,000 for overuse were the highest in the history of the Association. He attributed it to the drought causing high usage, and the ongoing replacement of old meters.

Hawkins distributed a graph of water consumption for the month, indicating 96% of stored water was still available.

Roger Parks request for bill adjustment:

Roger Parks, a resident of Redlands Mesa asked the Board for relief from his June

water bill of over \$600. He explained that, while he and his wife were on vacation, his house-sitter mistakenly used domestic water to fill a fish pond, instead of well water as instructed. He regarded it as an unintentional and unauthorized use of water. He asked to be charged the first step in the rate schedule, \$0.80 per 1000 gallons.

Discussion followed after Mr. Parks left the meeting. Jerry Figueroa asked if Parks was a habitual high user. Dan Hawkins said he averages 10,000 to 15,000 gallons per month in the summer, which is about average. After further discussion, the Board concluded that the circumstances were not much different than accidental overuse due to a line break, which is routinely adjusted

MOVED BY Kelly Peterson

SECONDED BY John Hawkins to adjust Mr. Parks bill to \$23.00 for the first 7,500 gallons and charge \$.80 per 1000 gallons on the overuse.

MOTION CARRIED with no opposing votes.

Subdivision Report:

Hartman Minor Dale and Debbie Hartman, 2001-2425 Drive (Upper Surface Creek Area): Dan Hawkins reported that this subdivision has been tabled with Delta County Planning, possibly while Dale Hartman works out driveway issues. If the subdivision continues, two additional taps will be needed. The six-inch "Hoot Owl Valley" line runs through the property, providing adequate water.

MOVED BY Kelly Peterson

SECONDED BY Bryan Klaseen to provide taps for Hartman Minor Subdivision if requested.

MOTION CARRIED with no opposing votes.

Silver Sage Major Ira and Shirley Hutchinson, 1538-2550 Road (Cedar Mesa): This is a major subdivision of 8.9 acres into four lots. Two taps already exist on the property. Dan Hawkins said the Cedaredge Fire District has asked for a fire hydrant at the intersection of 2550 and P75 Road. There is only a 2½-inch line there. To provide a four-inch line for fire protection, a new line would have to be built from Q Road or from 2525 Road. The distance is about the same either way. After discussion, the Board concluded that it would be better to build a new line along the north side of P75 Road from 2525 Road to 2550 Road, in order to loop the system and provide better service.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to provide two additional taps and require the developer to build a four-inch line on P75 Road from 2525 Road to 2550 Road and connect to the existing 2½-inch line on 2550 Road..

MOTION CARRIED with no opposing votes.

Construction and Maintenance Report:

Dan Hawkins reported the following projects:

2550 Road Crossings: Two 12-inch diameter casings were installed under 2550 Road at locations approximately ¼ mile and one mile north of R Road. They will be used for future pipeline crossing points. The Road is expected to be paved very soon.

Main tank fill system: All old six-inch pipeline between the diversion vault and the main tank on Milk Creek has been upgraded to 8-inch PVC. All valves and fittings were replaced. A new master meter was installed in the diversion vault, with a remote reading display, to save on entries into the vault. The float valve fill system was modified, incorporating a flow-controlling orifice plate to control the maximum fill rate. Other modifications were made to allow forcing extra flow into the tank in case of an emergency. During the project, the old diversion structures built in 1966 and 1977 were demolished and hauled away.

Telemetry: A lightning storm damaged telemetry equipment at the Redlands Mesa tank. The pressure sensors in an underground vault were burned out, but none of the equipment on the tank itself was damaged. Repairs were made, and the site is functioning again.

Repeater Station: A radio repeater station is being built at a valve vault in the Surface Creek valley which will allow communication with the main tank on Milk Creek. The station will also monitor pressures in the vault. The site is along the original Association line, parallel to the Town line, about ½ mile south of U50 Road west of Surface Creek.

Gene Dove Fire Hydrant: A hydrant was installed at the corner of 2425 and T75 Roads, paid for by people in the neighborhood, organized by Gene Dove.

Dry Creek Leak: A large leak occurred across from the Ralph Thompson residence, in the bottom of a flowing irrigation ditch. A lot of water was lost before the leak was found, by the method of eliminating all other possibilities.

Other:

Lead paint: Dan Hawkins said the paint on the roof of the main tank on Milk Creek has deteriorated with age, and the steel is rusting. The tank was built and painted in 1977. Hawkins submitted a sample of the exterior paint to a testing laboratory, which reported that the paint contains lead. Hawkins said he would like to avoid an expensive lead-abatement project like what the Town went through recently. Renovation of the Town's Highway 65

tank, built in 1976, cost over \$200,000. This is because of EPA and OSHA rules regarding the removal and disposal of lead paint.

Hawkins said there is a sandblasting and painting contractor in Delta, Nelson Scott, who is licensed in lead abatement procedure. Scott's advice was to touch up the rusted areas with a rust-inhibiting primer, and then have him perform an adhesion test to determine that the old paint and the new primer are well bonded to the surface. If so, the roof can be repainted with a lead-encapsulating paint, without removing any existing coating.

Jerry Figueroa asked about the inside of the tank. Hawkins said the interior will need to be inspected this fall to see what shape it is in. John Hawkins asked if the tank can be taken off line for a long time to work on it. Dan Hawkins said that during periods of lower consumption, the tank can be bypassed and the system can continue to operate.

It was concluded that the roof should be repainted this year, and the interior inspected this fall to determine what needs to be done, if anything.

Meeting Adjourned 9:00 p.m.

Respectfully Submitted

Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 13, 2001**

Jerry Figueroa called the meeting to order at 7:35 p.m. at Association Headquarters. Board members present were Herman Kline, John Hawkins, Bryan Klascen, Ellis Fritchman, Jerry Figueroa, Kelly Peterson and Donna Ferganchick. Representing the Town of Cedaredge were Gary Noah, George Fulton, Maria Forester and Ray Hanson. Others present were Ira Hutchinson, Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to approve the minutes of the board meeting held on July 9, 2001 as written and delivered to the board members.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins said that after preparation of the cash flow report, \$20,000.00 was transferred from the checking account to the reserve account.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen to accept the July Cash Flow Report as presented.

MOTION CARRIED with no opposing votes.

End of Month Reports

Dan Hawkins commented on the unusually high past due amount of \$7,469.84. Since preparation of the report, \$2,530.00 has been collected. Shutoff notices have been mailed to a number of users, which should bring in another \$2,000.

Town of Cedaredge- Engineering Study

Dan Hawkins said he had invited members of the Town administration to the meeting in order to clarify a Request for Proposal which the Town distributed to several engineering firms in order to obtain a study of the Town's water supply, treatment, and distribution facilities. Hawkins said such a study would impact the Association, and we ought to determine how we are to be involved.

Jerry Figueroa expressed disappointment that the Association was not involved in discussing any potential study before the Request for Proposal was written. He said part of the intent of the latest operating agreement was to protect USCDWUA from unilateral actions by the Town, which could obligate the Association in ways that were not anticipated.

Ray Hanson said the primary focus of the study is the in-town distribution system, which is deteriorating. He said the raw water collection and treatment facilities were included to make the study complete, and it was not the intent to exclude USCDWUA.

Town Administrator Maria Forster apologized for not asking for USCDWUA input earlier. She said that, being new to the job, she did not fully understand the relationship between

the two entities. She said the Town needs to address its distribution system problems immediately, and so the study is being accelerated.

Jerry Figueroa asked if the Town has received a grant for the study. Maria Forster said \$20,000 has been granted. The study is anticipated to cost \$30,000-\$40,000.

Donna Ferganchick asked if the town expects financial participation from the Association. Ray Hanson said there had been no discussion yet about asking USCDWUA for a share of the cost. He repeated that the primary focus of the study was the town distribution system, and he believed the raw water end would be a minor proportion.

Dan Hawkins said that USCDWUA is limited by the present 20% share of the system capacity. He said within 10 years, the Association will not be able to grant taps if growth continues at the current rate.

Ray Hanson said he was convinced the Town Trustees would not vote to sell any additional capacity to USCDWUA. He said he is personally opposed to the idea, and felt that most other trustees are also. He said it would be foolish to sell assets.

Kelly Peterson said he thought USCDWUA ought to build extra capacity into the common system over and above its 20%, thereby increasing its share of the flow, rather than looking at it as the Town "selling" assets.

After lengthy discussion, the Town representatives left the meeting, and no action was taken.

Ira Hutchinson (Silver Sage Subdivision):

Dan Hawkins reviewed the action taken at the previous board meeting. Two taps were granted for the subdivision, and the developer was to build a 4-inch pipeline from 2525 Road along the north side of P75 Road to 2550 Road and connect to the existing 2½-inch line there. Also to install a fire hydrante at P75 and 2550 Road. He said that since that time the developer, Ira Hutchinson, has changed the plan from a major (four-lot) subdivision to a minor (three lots). The Cedaredge fire district contacted Hawkins and said they have withdrawn their request for a fire hydrant at P75 and 2550 Roads, and will accept one installed on Q Road in its place.

Mr. Hutchinson addressed the Board and asked to be relieved of the cost of building a 4-inch line as previously decided. John Hawkins asked if the number of taps is going to remain the same. The answer is yes, two new taps will be needed. Hawkins said that from the point of view of demand on the Association, nothing has changed. The only change is the location of the fire hydrant.

Mr. Hutchinson left the meeting to allow the Board to discuss the matter. Donna Ferganchick asked if the 2-1/2 inch line along 2550 road is overloaded. Dan Hawkins said there are 15 taps on the line, which is not overloaded at this time. Kelly Peterson asked how much the proposed 4-inch line along P-75 road would cost. Hawkins said approximately \$8,000. Ellis Fritchman observed that one tap would almost pay for it.

MOVED BY Kelly Peterson

SECONDED BY Donna Ferganchick to grant Ira Hutchinson two taps on the 2½-inch line on 2550 Road. The Association shall be granted an easement along the north side of P-75 Road for future pipeline construction. The previous requirement for the developer to build a 4-inch line is rescinded.

MOTION CARRIED with no opposing votes.

Construction/Maintenance Report

Dan Hawkins reported on the following:

P Road Leak:

West of the intersection of P Road and 2550 Road there are two water lines. The older is 1" galvanized, and the newer is 2" PVC. A leak occurred in what was assumed to be the old line, but it turned out to be a pinhole in the newer PVC line instead. After fixing the leak, the old line was partly uncovered and found to be badly rusted. The two taps it served were moved onto the newer line. The old line was disconnected from the main, and is now dead.

2500 Road Leak:

A cattail patch appeared at the driveway entrance to 1625 2500 Road. The leak was in a threaded PVC adaptor. The leak was repaired, but Hawkins said he thinks the galvanized and PVC fittings found there need to be replaced with a cast iron assembly.

Kline Neighborhood Fire Hydrant:

A fire hydrant was installed near 1844 2524 Drive, across the road from Herman Kline. Payment for the hydrant was collected from the neighborhood by Herman Kline.

Main tank roof painting:

The roof of the Milk Creek tank was washed down with a high pressure washer. Rusty patches were painted with rust inhibiting iron oxide primer. Delta Industries, which is a certified lead abatement contractor, conducted an adhesion test of the primer and the original paint. The test consisted of attempting to pull the paint off with sticky tape. None of the paint pulled off, indicating a good bond.

Delta Industries then submitted a proposal to paint the roof of the tank with an approved lead barrier compound. The cost would be approximately \$2,000.

MOVED BY Jerry Figueroa

SECONDED BY Ellis Fritchman to hire Delta Industries to apply lead barrier compound to the main tank roof.

MOTION CARRIED with no opposing votes.

Subdivision Report

Michael Martin extension request:

A request for one tap for the Martin Minor Subdivision on 2375 Road was originally approved in May, 2000. The deadline for purchase of the tap was set for May, 2001. Michael Martin has requested in writing that the deadline be extended until May, 2002.

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to ratify extension of Michael Martins request to buy tap to May 31, 2002.

MOTION CARRIED with no opposing votes.

Allen Adger (Ann Harris Minor):

Allen Adger, attorney and husband of Ann Harris has made the following requests in a letter copied and distributed to the Board:

(1) To reduce the number of taps required from three to two. A water well has been

- drilled on Lot 1, and Harris wants to use the well instead of an Association tap.
- (2) To extend the time for purchase of a tap for Lot 3 until December 19, 2001.
 - (3) To waive the monthly minimum charge on taps for Lots 2 and 3 until the taps are installed, or a lot sells to a third party, whichever is first. In exchange for this waiver, the letter offered additional access and water line extension easements.

Dan Hawkins said that he provided written comments concerning this subdivision to Delta County on November 9, 1999. In that letter, it was requested that all existing facilities be shown on the final plat within easements, and that an additional easement be granted along the subdivision road to 2500 Drive. Hawkins said he does not know what other easements might be desirable. He said the current version of the subdivision plat does show all requested easements.

MOVED BY Jerry Figueroa

SECONDED BY Kelly Peterson to grant an extension for purchase of the Lot 3 tap until December 19, 2001. No tap needs to be purchased for Lot 1. Minimum monthly charges are to be applied to all taps from the time of purchase.

MOTION CARRIED with no opposing votes.

Bell Minor Subdivision- review of tap commitment policy:

The Board approved one water tap for the Bell Minor Subdivision on 2425 Drive in May 2000. The tap was to be purchased by May 2001. In July, Dan Hawkins received a call from Mr. Hector Flores, who said he was the new owner of a lot in the Bell subdivision. Mr. Flores said the lot included a water tap, and he wanted the tap installed. Hawkins told Flores there was no such tap. Flores said the real estate contract included an Association tap.

Eventually, it was discovered that money for the tap was escrowed with the Delta County Treasurer. It was several weeks before the money was released and a tap purchased.

Dan Hawkins said he is not comfortable promising taps for a year into the future. He said most minor subdividers abuse the commitment, waiting until the lot sells before buying a tap. This is often after the deadline for tap purchase has expired. Hawkins asked for a shorter time period for promised taps.

John Hawkins said developers have the problem of not knowing if the subdivision will be approved until actually signed by the County Commissioners. They are therefore reluctant to spend money that might not be recovered.

There was much discussion, during which it was suggested that a reminder system be implemented to catch promised taps that have gone beyond the deadline. Also, it was suggested that Delta County be asked about the escrow system.

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to change the tap commitment period from one year to six months, or on final approval of the subdivision, whichever comes first.

MOTION CARRIED with no opposing votes.

Paul Farmer to William Meyers Transfer

Dan Hawkins said that in 1976, Paul Farmer sold a ranch along Currant Creek to Joe and Alex Cano, and assigned the Association stock certificate to them. The Canos never applied for membership, and soon sold the ranch to Bill Meyers. For the past 25 years, the bill has gone to Paul Farmer in care of Bill Meyers. Meyers has produced a deed from Farmer to Cano, and

another from Cano to Meyers, indicating that the water tap is conveyed. Meyers would like to transfer the tap into his name, even though it was not originally assigned to him.

MOVED BY John Hawkins

SECONDED BY Jerry Figueroa to approve the transfer from Paul Farmer to William Meyers.

MOTION CARRIED with no opposing votes.

Other

Dan Hawkins reported that Jack Shea has offered to buy one of the two unused water tanks on the Association headquarters property. One is a 30,000 gallon, and the other is a 50,000 gallon. There was discussion of possible future uses for the tanks. The 30,000 gallon tank has been earmarked for Redlands Mesa by previous Board action. Dan Hawkins said he does not presently have a use in mind for the 50,000 gallon. He said the 50,000 gallon tank is going to be expensive to move and rehabilitate. It probably was coated with lead paint, while the 30,000 gallon tank probably was not. Hawkins said a market value of around \$15,000 had been suggested by Doughty Steel and Industrial Structures, Inc.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to negotiate the sale with Jack Shea, using a target price of \$15,000.

MOTION CARRIED with no opposing votes

Meeting Adjourned at 10:10 P.M.

Respectfully Submitted _____

Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 10, 2001**

Jerry Figueroa called the meeting to order at 7:35 p.m. at Association Headquarters. Board members present were Herman Kline, John Hawkins, Ellis Fritchman, Jerry Figueroa and Kelly Peterson. Also present were Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to approve the minutes of the board meeting held on August 13, 2001 as written and mailed to the board members.

MOTION CARRIED with no opposing votes.

Financial Report

Helen Hawkins pointed out a correction for the August 2001 Cash Flow Report. The interest received on reserve accounts for the month of August was \$353.12 which changed the balance in the reserve accounts at the end of August from \$161,801.73 to \$162,088.55.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to accept the Cash Flow Report for August 2001 as corrected.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported that three new taps were sold in August, and a transfer was completed for Milton Kramer, a former Town of Cedaredge customer. This was the last of the transfers required by the operating agreement.

Water Usage Report

Dan Hawkins said usage for August was less than anticipated. On the other hand, overuse charges were higher than expected. Hawkins said numerous old or malfunctioning meters have been replaced, and the replacement program is continuing. The new meters might be resulting in more revenue for less water used.

Subdivision Report

Arthur Behrman Minor Subdivision, 2425 and S25 Road

Dan Hawkins said he is not sure if two or three taps are going to be required for this subdivision, as the preliminary sketch is unclear. The new lots will lie between S25 Road and the Mahanna property on 2425 Drive. An access road to the lots is planned to come off 2425 Drive. The source would be the 4-inch line on the east side of 2425.

Hawkins recommended that the Association obtain easements for future main line upgrades on both S25 and 2425 Roads as a condition of serving the new lots. Jerry Figueroa said he thought the meters for the new lots ought to be placed along 2425 Road rather than to run a

branch line into the subdivision, then split it for the two meters.

MOVED BY John Hawkins

SECONDED BY Kelly Peterson that the Association sell Arthur Behrman the taps that are needed for his subdivision with the necessary easements.

MOTION CARRIED with no opposing votes.

Milton Kramer "Wilderness" minor, 2429 U50 Road

The property to be divided includes the former Daisy Muck place, now owned by Kramer. One tap already exists for the Muck house, and two new taps will be required for the lots to the north and east. The supply source would be the 4-inch line which runs through the Timberline Subdivision east of the Kramer property.

Kelly Peterson asked if pressure is adequate. Dan Hawkins said the property is on the high pressure side of the pressure reducing valve on U50, and the line pressure is around 180 psi.

MOVED BY Jerry Figueroa

SECONDED BY John Hawkins that the Association sell Milton Kramer the taps needed for his subdivision providing that Kramer obtains appropriate easements from his neighbors to reach the supply line.

MOTION CARRIED with no opposing votes

Construction Report

Dan Hawkins reported to the Board on the following construction/maintenance items:

Pinel Fire Hydrant (Redlands Mesa)

The Pinel Minor Subdivision has been in process for some time. A fire hydrant was requested as part of the approval. P. J. Pinel paid for a hydrant and requested it be installed at the intersection of 2900 and N Roads. It is installed.

Q Road 2 ½ inch line drain

The 2½ inch galvanized line along Q Road east from 2600 Road produces poor flow and a lot of rust complaints. A drain was installed in the bottom of the draw crossing the Herman Oswald property, at the site of the first bend in Q Road east of 2600 Road. A lot of solidified rust and sediment was found in the pipe when the drain valve was cut in. It is hoped the drain will assist in cleaning the line by periodic flushing.

John Hawkins mentioned that the next draw east might be a point of restriction also. During discussion, it was generally agreed to install a drain there.

Main Tank Paint

The exterior roof of the Milk Creek tank was coated with lead barrier paint by Delta Industries, at the price of \$1,960 per their quote. Dan Hawkins said the job left a rough surface which was not attractive, but there did not seem to be anything to do about it. A top coat of glossy enamel was applied by USCDWUA employees. Hawkins said the coating is no doubt sound, he is glad it is out of sight on top of the tank.

Delta Industries has submitted a quote of \$4,890 for the coating the exterior walls.

Hawkins said he did not want the walls to come out looking like the roof, that there would need to be some demonstration or guarantee that the finish is acceptable.

After discussion, it was generally agreed to hold off painting the exterior walls until the tank has been taken off line, dried out, and the interior inspected. If refinishing is required on the inside, the exterior walls can be included in that project, and a decision can be made on how to proceed at that time. Hawkins said he plans to empty and inspect the tank this fall, when usage drops to a point that the system can operate without the tank for a few days.

Chuck Moore Health Insurance

Dan Hawkins said he was not able to initiate health insurance coverage for Chuck Moore in August as intended. Rocky Mountain IIMO rejected the enrollment application for Moore on the grounds that it was not submitted when Moore first became eligible. When Moore was hired, the Board had stipulated that he would become eligible for health coverage in 90 days. The HMO representative who rejected the application said that the Association is on record with them as making employees eligible immediately upon hire. Since the application was not submitted then (April), the next opportunity will be during the free enrollment period next January.

Hawkins said he asked for help from the Association's insurance agent, who is Tom Voake of SCA Agency in Colorado Springs. Voake spoke with an HMO official there, who requested a letter from the Association, which has been provided. Hopefully, the problem can be solved soon. Hawkins said he offered to help Chuck Moore with private insurance premiums, but Moore declined, saying he is willing to wait for the situation to resolve.

Redlands Mesa Bad Odor and Taste

Dan Hawkins said he became aware of a return of chemical taste and odor in the water on Redlands for a time this summer. It happened during a period when the entire mesa was being served exclusively from the new pipeline, rather than some of the west end getting water from the old line. He said he received complaints from some customers on the upper end of Redlands who said the taste never went away completely. Some have apparently installed carbon filters in their homes because of it.

A water sample was sent to Aqua-Tech Laboratory for analysis. The report showed the level of VOC's to be higher than the last test, conducted 18 months ago. Hawkins said he thinks part of the reason is that the water has been warm this summer, evaporating more of the volatile chemicals from the pipe coating.

Hawkins said a possible solution would be to install a carbon filter in the main line where it arrives on Redlands, at 2800 Road. The filter would remove the taste/odor causing substances, but would also remove chlorine. This means the water would need to be re-chlorinated to comply with State regulations. He said the estimated cost of all the equipment, plus building an enclosure and obtaining power, would likely be \$25,000 or more. There would be ongoing monthly costs for power, chlorine, maintenance, etc.

Jerry Figueroa asked if it is eventually going to be necessary to boost the chlorination on Redlands anyway. Dan Hawkins replied that the chlorine residual is now marginal on Redlands, and may need to be boosted at some future time.

After lengthy discussion, it was generally agreed to take VOC samples in the coming winter and summer to see if there is a correlation between temperature and degree of

contamination.

Other

Dan and Helen Hawkins will not be here for the October 8, 2001 Board meeting. The board agreed to schedule the next board meeting on October 15, 2001.

John Hawkins asked about upcoming construction projects. Dan Hawkins said the pipe is on order for 2425 Road north of the Rodeo Grounds. It will cost about \$42,000, and can be stored until spring unless the project can commence earlier. The first project will be 2550 Road on Redlands, between M and M50 Roads. That will start early in October.

The line on 2420 Drive is still under consideration. Delta County has yet to firm up plans for the grade route. At minimum, a pressure regulator needs to be relocated so that the new Fritchman house on the ridge can get adequate service.

The BLM easement for the Cedar Mesa Tank is not finalized, pending submitting engineered drawings for all features of the project. A survey of the tank site and pipelines has been completed.

Dan Hawkins estimated that approximately \$60,000 will be spent on these projects this fall.

Meeting Adjourned 9:05 p.m.

Respectfully Submitted _____

Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 15, 2001**

Jerry Figueroa called the meeting to order at 7:45 p.m. at Association Headquarters. Board members present were Donna Ferganchick, John Hawkins, Jerry Figueroa, Herman Kline, Kelly Peterson and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Herman Kline

SECONDED BY John Hawkins to approve the minutes of the board meeting held on September 10, 2001 as written and delivered to the board members.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins explained that the expenditures for shop equipment were for water testing equipment and a roll-away tool box plus a set of hand tools. He also reported that, after the financial report was prepared, \$25,000 was transferred to the reserve savings account at Commercial Federal in Delta.

Jerry Figueroa asked if the Association has equipment to test for substances that might be placed in the water supply by terrorists. Hawkins said such tests are normally done in laboratories. The field test kits are more oriented to ensuring compliance with chlorine and turbidity levels.

Jerry asked if any special security precautions are contemplated to prevent deliberate contamination. Hawkins said the FBI, acting through the American Water Works Association, has requested a list of contact people within the Association, and has supplied a list of known terrorist names. He said there has been no discussion with the Town of Cedaredge on the need for more specific precautions.

Helen Hawkins said the revenue and expenses for the month are unrealistically low, because no receipts or checks were posted after September 20 due to vacation.

MOVED BY Herman Kline

SECONDED BY Donna Ferganchick to accept the Cash Flow Report for September 2001.

MOTION CARRIED with no opposing votes.

End of Month Report - Water Usage Report

Dan Hawkins said the past due amount is inflated because no receipts were posted after September 20, whereas they are usually posted until around the 27th. A question was asked about the single tap using over 100,000 gallons in the month. Hawkins said that a break had occurred in the service line to Melvin Anderson, and an adjustment had been made on their bill.

Construction/Maintenance Report

Fry Extension - 2700 and O Road

Dan Hawkins reported that Kirk and Nancy Fry have purchased a tap for property on the west side of 2700 Road about 3/8 mile north of O road on Redlands. There is no main line on 2700 Road north of O Road. On three occasions in the past, the Board has agreed to extend service into that area, provided the owner builds the pipeline, and the Association pays for the oversize

Hawkins said the Frys have agreed to build the line, and have negotiated a USCDWUA easement with Ray Penland, the property owner on the east side of 2700 Road, from O Road north to a point where they would cross the road to their property. Hawkins said Penland has agreed to grant the Association additional easement to the north edge of his property, a distance of ½ mile from O Road. This would facilitate the construction of a second supply line for Redlands along the Dry Creek grade in the future. Penland has asked for a fire hydrant to be installed near his house as consideration for the easement. Fry has agreed to pay for the fire hydrant.

Hawkins recommended the Association oversize the pipe to 6-inch, so it may serve as part of a future Redlands supply line.

MOVED BY Kelly Peterson

SECONDED BY John Hawkins to approve construction of the Fry extension, oversize the line to 6-inch, and authorize installation of a fire plug.

MOTION CARRIED with no opposing votes.

2550 and M-50 Road

Hawkins said work will start immediately on replacement of ½ mile of undersized fragile plastic pipe on Redlands Mesa along 2550 Road from M50 Road south to M Road. The old line will be destroyed in the process of building the new one, because the easement through property owned by Carma Newton is not wide enough to allow construction of the new line alongside the old.

Hawkins said the taps served by the line will be served by pressurizing the intact portion of the line from a 500-gallon tank and pump mounted on a trailer. The pumped water will be injected at Bryan Klaseen's meter.

Christensen Extension

Hawkins reported this is a 2" pipeline about 600 ft. long, to be installed west of 2550 Road about one mile north of R Road. The landowner, Erik Christensen, is paying for the line, since it is for his tap, purchased last year for Pine Cone Corner minor subdivision (David Seever). The new line will connect into a 2" line which runs from the Lone Pine line east to Bradshaw's. The connection will be made near George Bradshaw's meter.

Currant Creek Break

A 4-inch PVC line running from Harry Vaughan's on 2725 Road to Currant Creek cracked at a joint. The leak went undetected for some time because the water flowed away in an

overgrown ditch. It caused problems on Redlands Mesa, Wilbanks Mesa, and upper Cedar Mesa for several days before it was found and repaired.

2425 Drive break

A dresser coupling blew out at the tap for the Jerry Caddel residence, about 1/4 mile north of the Rodeo Grounds on 2425 Road. A lot of water was lost, but there were no known outages until the line was shut down for repair.

Dan Hawkins said he was pleased with the fact that Dayton Myers and Chuck Moore handled these two serious incidents while he was on vacation.

Telemetry failures

Dan Hawkins said that lightning had destroyed four pressure transducers installed in underground vaults at the Redlands Mesa tanks. He said more expensive transducers have been purchased to replace them. The new models are supposed to provide better high voltage protection. Hawkins said none of the equipment mounted on the tanks has been affected, only the transducers, which are connected to the pipeline underground. He said perhaps lightning is causing high voltage surges through the pipe or the water. John Hawkins said he knew of a case where lightning struck the ground and exploded a PVC pipe buried there.

Cash Flow Forecast

Dan Hawkins gave the Board a cash flow projection through the end of the 2001 Fiscal Year. It was estimated that \$101,500 could be spent on pending capital improvements, leaving a cash balance of \$118,000 at year's end.

Cedaredge Engineering Study

Dan Hawkins reported on a work session with Town of Cedaredge Administrator Maria Forster to work out details of USCDWUA participation in the engineering study, as it pertains to the commonly owned portions of the system. All tasks in the study were broken down individually and assigned a percentage of USCDWUA contribution based on ownership and benefit. A total of \$3,723 was arrived at as a maximum contribution from USCDWUA.

MOVED BY Herman Kline

SECONDED BY Donna Ferganchick to participate in the Cedaredge Engineering Study up to the amount of \$ 3,723.00.

MOTION CARRIED with no opposing votes.

Chuck Moore Health Insurance

Last month Dan Hawkins had reported that there was a problem getting Chuck on RMHMO. With the help of agent Tom Voake, Chuck was enrolled successfully.

Meeting Time Change

It was agreed to change the time of the Board Meetings to 6:30 p.m.

Other

Kenitzer Subdivision

Dan Hawkins reported that Norman Kenitzer has a small subdivision on the west side of 2600 Road near P37 Lane, and needs an additional tap. Delta County did not notify the Association, and Hawkins first learned of the subdivision at a planning meeting, where he made a commitment to Kenitzer for a future tap. Hawkins asked the board to ratify this commitment

MOVED BY John Hawkins

SECONDED BY Jerry Figueroa to provide a tap for the Norman Kenitzer minor subdivision

MOTION CARRIED with no opposing votes

There was some discussion about the Shea development south of Highway 92. Dan Hawkins said that Jack Shea has not contacted him about purchasing the 50,000-gallon tank.

Meeting Adjourned 8:55 p.m.

Respectfully Submitted _____

Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 12, 2001**

Jerry Figueroa called the meeting to order 6.30 p.m. at Association Headquarters. Board members present were Donna Ferganchick, John Hawkins, Jerry Figucroa, Herman Kline, Kelly Peterson, Bryan Klaseen and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes

Donna Ferganchick pointed out that on Jack Shea's name was misspelled on page 4 of the October minutes.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to approve the minutes of the board meeting held on October 15, 2001 as corrected

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins pointed out that the cost of telemetry equipment on page two of the Financial Report was incurred in April and May, but the vendor did not bill until October. Hawkins said that \$14,000 has been spent of the \$15,000 authorized early in the year.

Hawkins said that Town of Cedaredge bookkeeper Mary Lou Stein had quit and the Town has not billed the Association for water treatment since June. If the Board doesn't object we will send an estimated amount to Cedaredge in order to more properly reflect treatment costs for this year on the fiscal year financial reports.

John Hawkins asked when the end of year reconciliation of treatment expense is made, and who prepares it. Dan Hawkins said he has done the reconciliation in the past, and will probably do it in January 2002.

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to accept the October 2001 Cash Flow Report

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins corrected a statement that he had made the previous month. He had reported that about 30 taps had been sold this year. He said he must have included the Cedaredge transfer taps in this statement, since the actual number of taps purchased was 22.

Subdivision Report

Dan Hawkins said Brad Le Vay's minor subdivision has been tabled indefinitely. Le Vay has said he might look at subdividing next year some time, but as yet there is no plan. The property lies north of P75 Road and east of 2525 Road.

Construction Report

2550 Road - Redlands: Approximately 2800 feet of 4-inch PVC was installed between M and M50 Roads, replacing the 1½-inch thin wall plastic that gave trouble in the past. The job is completed. A 550-gallon plastic tank, and a pump and pressure tank were purchased and mounted on a trailer which was parked at Brian Klaseen's home. They were used to keep pressure in the line where it was not being replaced, to keep water service to those taps. The system worked well, with no outages experienced except for two taps that were connected to the line being torn out. They were each without water for one day.

2420 Drive - Cedar Mesa: Approximately 5400 feet of 4 inch PVC was installed from 1600 feet north of Bob Phillips, proceeding south and west, ending at Fritchman's driveway going up onto the ridge. Two new pressure regulator stations are being constructed. The new line replaces a 1½-inch galvanized line. Since the source is still 1½-inch as far north as Kenneth Harfst, there will be difficulty flushing the 4-inch line adequately. It is planned to use the Delta County water truck to pump a large volume of water through the pipe to assist flushing.

Dan Hawkins said that, when he ordered 4" pipe for the project, the price was extremely low at 73¢ per foot, so an extra truckload of about 7500 feet was ordered for future use. Jerry Figueroa suggested that, since the pipe is available, and if there is enough money, the line should be extended further south.

Rock Removal - Town Pipeline

A letter was given to Board Members from Town of Cedaredge Administrator Maria Forster. In reference to the rocks on USCDWUA easement which were placed there during construction of the Town's new pipeline, the letter stated that the Town does not intend to move the rocks or cooperate with the Association in doing so.

Dan Hawkins said he asked attorney Aaron Clay if the Association has any legal recourse. Clay said that whether the Town's contractor was supposed to remove the rocks is not relevant. But he said the Town has trespassed on the Association easement, and could be sued to restore the easement to an acceptable condition. He said there is a period of 180 days from the last time work was done on the project in which to file an intent to sue. Dan Hawkins suggested that a cost estimate be prepared for cleaning up the rocks, and a written proposal made to the Town for consideration at a Trustees meeting, to determine if the letter represents the Board of Trustees' position.

There was lengthy discussion about this, and the general relationship with the Town, which is perceived to be deteriorating. Dan Hawkins said USCDWUA has been asked to give up its shifts operating the Water Treatment Plant for an indefinite period of time. The reason given was to allow more Town personnel to become familiar with the plant. Jerry Figueroa asked if the operating agreement requires the Town to share plant operation. Hawkins read a portion of the agreement which states the shared operation is by "mutual consent." The general consensus of the Board was that the Association does not consent to unilateral operation of the plant by the Town, and plant should be operated jointly.

There was discussion of the possibility of dissolving the partnership with the Town, and constructing an Association filter plant.

Annual Meeting

The minutes of the 2000 meeting show the stockholders voted to consider a by-laws amendment this year. Specifically, Article III, Section 1, which fixes a dollar amount for the Membership Fee. This section must be amended each time the fee was changed. The intent of the stockholders was to eliminate the multiple amendments for each change in the fee. Dan Hawkins said he would consult with Aaron Clay and have a draft of the amendment ready for the next Board meeting.

There was a discussion of the budget for 2001. Dan Hawkins had prepared a preliminary worksheet, based on estimated expenditures for the remainder of the year. The Board went through the worksheet, making suggested changes, which were noted. Jerry Figueroa asked for an executive session before the next board meeting to discuss salaries. It was set for 6:00 p.m. on the night of the Board Meeting.

The Board Members whose terms expire this year are Donna Ferganchick, Bryan Klaseen, Ellis Fritchman and Kelly Peterson. All members indicated they would likely stand for reelection.

Other

There was a discussion of capital improvements for the coming year. Dan Hawkins said Delta County has firm plans to pave 2425 Road from the Rodeo Grounds north to R75 Road. That pipeline will need to be replaced. The pipe has already been purchased. The other major construction will be for the new Cedar Mesa tank.

Hawkins also said he would like to begin a project to map the Association system with a Geographic Information System (GIS). The system would require a software package and GPS hardware to obtain the exact locations of facilities.

The December Board of Directors Meeting was scheduled for Thursday December 6, 2001 at 6:32 p.m. with an executive session at 6:00 p.m. following a 6:00 p.m. executive session.

Meeting Adjourned 9:15 p.m.

Respectfully Submitted _____

Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 6, 2001**

Executive session was held at 6:00. Board members present: Jerry Figueroa, Donna Ferganchick, Kelly Peterson, John Hawkins, Herman Kline and Bryan Klaseen.

At the conclusion of the executive session, Jerry Figueroa reported the Board's decision to budget \$104,000 for Fiscal 2002 salaries. It was recommended to increase salaries by 2.5% for each of the employees and a 3.5% for Dan Hawkins, and give Hawkins discretion to recommend meritorious increases for the employees.

Jerry Figueroa called the regular meeting to order 6:50 p.m. at Association Headquarters. Board members present were Donna Ferganchick, John Hawkins, Jerry Figueroa, Herman Kline, Kelly Peterson, Bryan Klaseen and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes

Donna Ferganchick pointed out that on page three of the November 12, 2001 minutes the time scheduled for the December 6, 2001 meeting (6:32 p.m.) was strange. It was agreed to amend the minutes to say "following the 6:00 p.m. executive session".

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to approve the minutes of the board meeting held on November 12, 2001 as corrected.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins pointed out that a check was sent to Cedaredge in the amount of \$8,500 for estimated water treatment cost. The Association has not received a treatment bill from Cedaredge since June of 2001. The new Cedaredge bookkeeper had promised a bill by November 30, but it did not appear.

MOVED BY John Hawkins

SECONDED BY Kelly Peterson to accept the November 2001 Cash Flow Report

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported that there has been 22 taps sold this year and 6 taps acquired from the Town of Cedaredge, per the Operating Agreement. He pointed out that the past due amount decreased from the previous month due to a number of shutoff notices being sent out.

The water usage for November was 5.6 million gallons. He said he expects lower water use in the winter months than in previous years, because the upper tank on Redlands Mesa is no

longer wasting water. He said a pressure adjustment made by Dayton and Chuck at the time of a leak on Currant Creek has resulted in the tank just staying full without overflowing.

Year 2002 Budget

(See the attached budget.)

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to accept the budget as presented

MOTION CARRIED with no opposing votes

Proposed Amendment

(See the attached amendment proposal)

MOVED BY Jenny Figueroa

SECONDED BY Donna Ferganchick to present to the Stockholders on December 11, 2001 the amendment proposal as written

MOTION CARRIED with no opposing votes.

Agenda for Stockholders Meeting

(See the attached Agenda for Stockholders Meeting to be Held on December 11, 2001)

The agenda was reviewed by the Board and no changes were recommended.

Annual Board Dinner

After discussion, it was the consensus of the board that December is a bad time to schedule a dinner. The date was set for 6:00 p.m. January 9, 2002 at Berardi's Restaurant. All Board members and employees are invited, and each may bring a guest.

Other

Allen Adger (Adger-Harris Minor Subdivision) - Mr Adger had faxed a letter December 6 asking for an extension to purchase one remaining water tap for the three lot subdivision. One has been purchased, and one lot is being served by a well. Adger also asked if the tap could be turned back to the Association in case he decides to serve the lot from the well which serves Lot # 1.

Jerry Figueroa asked about the history of the subdivision. Dan Hawkins said the process started in November, 1999. The subdivision surrounds the Milk Creek tank. There have been several changes. Originally, the Association requested a pressurized line to be built from the diversion box to serve two of the lots. Later, this was rescinded, and the lots were to be served from the Milk Creek tank, and the developer was to provide individual pressure systems. Extensions for tap purchase have been granted twice, for a total of 18 months of extensions.

Hawkins also said that Adger has asked for suspension of the monthly minimum charge for uninstalled taps, and has mentioned that access to Association facilities might be in doubt unless easements were negotiated.

Jerry Figueroa asked if service to the lots would be marginal. Dan Hawkins said yes, because of the small elevation difference from the Milk Creek tank. Jerry said he did not favor supplying marginal service. John Hawkins agreed.

Donna Ferganchick said the subdivision road would be a public thoroughfare, and the Association should be able to use it to access the tank and other facilities.

After further discussion, it was generally agreed that there was no reason to extend the deadline for purchase of a tap, as it seemed Adger was reluctant to buy one anyway. There was discussion of participating in a road maintenance agreement, if one is proposed which involves all parties who benefit from the road.

MOVED BY Donna Ferganchick

SECONDED BY Bryan Klaseen to not extend the application after December 19, 2001

MOTION CARRIED with no opposing votes.

Town of Cedaredge

There was a lengthy discussion about relations with the Town of Cedaredge. Dan Hawkins said he is concerned that the needs of the Association are being disregarded. He said Association personnel have not been operating the treatment plant, and there is no indication that the Town is willing to resume joint operation soon.

Vehicles

There was a discussion of the different options in buying a truck. Several Board members suggested that a diesel truck would be a good investment. Dan Hawkins reported on a 1998 Chevrolet 1-ton truck with a utility bed available in Cedaredge. The price is just under \$15,000. It was generally agreed to shop around, as there is no immediate hurry.

Meeting Adjourned 9:05 p.m.

Respectfully Submitted _____

Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Organizational Meeting
December 11, 2001**

Jerry Figueroa called the meeting to order at 9:15 p.m. in the Cedaredge Community Center, immediately following the Annual Stockholders Meeting. He advised that the purpose of the meeting was to elect officers. He called for nominations for President and Vice President of the Board.

MOVED BY Ellis Fritchman
SECONDED BY Bryan Klaseen that the current President, Jerry Figueroa and Vice President, Herman Kline be re-elected.
MOTION CARRIED with no opposing votes.

Figueroa then asked for nominations for the position of Secretary-Treasurer.

MOVED BY Donna Ferganchick
SECONDED BY Kelly Peterson to appoint Dan Hawkins to the position of Secretary-Treasurer.
MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:25 p.m.

Respectfully Submitted *Dan Hawkins*
Secretary-Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
January 14, 2002**

Jerry Figueroa called the meeting to order at 6:50 p.m. Board members present were: Donna Ferganchick, John Hawkins, Herman Kline, Ellis Fritchman Kelly Peterson, Jerry Figueroa, Bryan Klaseen. Others present were: Dan Hawkins, Helen Hawkins and Chuck Moore.

Minutes - December 6, 2001 and Organizational Meeting December 11, 2001

MOVED BY Bryan Klaseen

SECONDED BY Donna Ferganchick to accept both December 6, 2001 minutes and December 11, 2001 organizational meeting minutes as written and sent to the board members.

MOTION CARRIED with no opposing votes.

The Board reviewed the minutes of the Stockholders Meeting held on December 11, 2001.

Financial Report

Dan Hawkins presented the cash flow report. Donna Ferganchick asked if Cedaredge has billed the Association for water treatment. Hawkins said no and he has asked for a meeting the Cedaredge Town Administrator.

Herman Kline commented on the low cost of fuel for the month.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the December 2001 Cash Flow Report

MOTION CARRIED with no opposing votes.

End of Month Report

Dan pointed out the there were three new taps. Lois Johnston purchased one for Redlands Mesa, and Ira Hutchinson purchased two for his minor subdivision at 2550 and P75 Road.

Vehicle Report

Dan Hawkins reported that a 1990 Dodge 3/4 ton, 4-wheel drive truck had been purchased from Chuck Moore. The mileage on the truck is 51,000. The price was \$7,500. Hawkins said the price was under blue book. The only problems with the truck are that it does not have a utility box, and the paint is falling off. Hawkins said the paint needs touched up, or possibly removed and repainted.

Hawkins said he had looked at two utility boxes for the Dodge truck. One was used, priced at \$1500. It had visible rust holes. Another was new, priced at \$3,800. Hawkins said he believed the most economical way to convert the truck was by replacing the pickup box with a flatbed, and adding tool boxes, some of which are already on hand.

Hawkins said he also planned to replace the engine in the 1985 Chevrolet utility truck. The new engine will be equipped with electronic fuel injection, hopefully improving fuel mileage and eliminating carburetor problems that have been numerous in the past.

A printed summary of the vehicle expenditures was presented to the board. Chuck Moore was present to answer any questions about the truck. He said his uncle bought it new in Glenwood Springs. Chuck bought it at 17,000 miles.

Maintenance Report

Dan Hawkins reported that another leak had occurred on Redlands Mesa along P25 Road, in an area where there have previously been two other leaks. The pressure in the area is not especially high, around 100 psi, and remaining stable. The leaks have all been short splits in the plastic pipe. It may be caused by defective pipe, or by the very rocky soil.

Hawkins said the leak was reported by a person who drove by it, and probably ran for four hours. It created a big icy mess on the road.

Internet Access

Dan Hawkins stated that the Association has an e-mail address and new web page through his personal Internet account. He said he uses the Internet for research on behalf of the Association and that it has been useful. It was the consensus of the board that the Association should have an Internet account. Hawkins estimated the monthly cost at around \$20.

Other

Coalby

Dan Hawkins said he had received a call from a member of the Board of Coalby Water. That system is currently under a boil order from the State Health Department, and needs to build a filter plant. The caller was seeking information about filtration, as well as about the overall fiscal policies of USCDWUA. Hawkins said he invited him to attend our Board Meeting, but he was unable. He also asked if USCDWUA would be able to provide water to Coalby. There was some discussion of this question by the Board. It does not seem feasible, given the distance between the two water systems.

Cedaredge

Jerry Figueroa asked if we were scheduled to operate the treatment plant yet. Dan Hawkins said no. Jerry said he would try to meet with Bill Miller and attempt to find out what the problem is.

February Meeting Date

Since Bryan Klaseen, Dan Hawkins and John Hawkins will be attending another meeting on Monday February 11, 2002 it was decided that the January board meeting will be held on Wednesday February 13, 2002 at 6:30 p.m.

Meeting adjourned 8:10 p.m.

Respectfully Submitted Dan A. Hawkins
Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
February 13, 2002**

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were: Donna Ferganchick, John Hawkins, Herman Kline, Ellis Fritchman, Kelly Peterson, Jerry Figueroa, Bryan Klaseen. Other present were: Dan Hawkins, Helen Hawkins, Wayne Mackley and Aaron Clay.

Minutes:

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to approve the minutes of January 14, 2002 as written and delivered to the board.

MOTION CARRIED with no opposing votes.

Financial Report

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to accept the January 2002 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins presented the End of Month Report. Gordon and Judy Lindsey purchased a new tap on U50 Road

Vehicle Report

The 1990 Dodge is ready for service, after adding a pipe rack, tool boxes, and a paint job. All work was done by Chuck and Dayton. They have now started on the engine replacement for the 1985 Chevy truck.

Coalby Water Company

Wayne Mackley from the Coalby Domestic Water Board of Directors presented his company's dilemma in needing to build a filter plant or find another source of water. The Coalby system is currently under a boil order from the Colorado Health Department because their springs are considered to be under the influence of surface water. He said he wanted to be sure Coalby had investigated all other possibilities before committing to build a plant, including the possibility of becoming part of the USCDWUA system.

Members of the Board explained various drawbacks to the concept, including the need to issue memberships to the existing Coalby tap owners, and the distance and elevation issues between Coalby and USCDWUA. It was also explained that the current agreement with Town of Cedaredge is a limiting factor in any possible expansion.

There was lengthy discussion, mostly concerning what possible benefits and liabilities could result from a joining of the systems. Consensus of the board was that Dan write a letter telling Coalby Water Company that we cannot help them and give the reasons. This may be of some use to them in order to receive grants or get help from some other source.

Cedaredge

Meeting with Bill Miller : Jerry Figueroa reported that he and John Hawkins met with Mayor Bill Miller and Administrator Maria Forster to try to resolve the issue of treatment plant operation. He said the meeting did not accomplish anything useful to USCDWUA. They were unable to determine exactly why USCDWUA is not allowed to participate in plant operation, but it is a decision of the water and administrative personnel, and Mayor Miller is not inclined to overrule them. He said the Town does not see any reason why USCDWUA should be concerned about operation of the treatment plant.

Jerry expressed frustration that the Town does not seem to recognize USCDWUA as an interested partner joint owner, and does not remember the past contributions to the common system. Aaron Clay asked how long USCDWUA participated in plant operation. Dan Hawkins said since the new plant was completed in 1997. Aaron said a "course of conduct" has been established which the Town is not entitled to negate without a good reason. He asked if there were any complaints about USCDWUA operation of the plant. Hawkins said there had been none.

Meeting with Town Personnel: Dan Hawkins reported that he met with Maria Forster, bookkeeper Gary Simpson, and Public Works Supervisor Gary Noah on February 6. At that time, the water treatment bills for July-December 2001 were presented, along with an annual cost reconciliation prepared by Gary Simpson.

Hawkins said the Town is taking the position that State regulations require them to be the sole operator of the treatment plant. This seems to be based on the fact the PWSID (Public Water Supply Identification) number is issued in the name of the Town of Cedaredge. Also, because the designated Operator in Responsible Charge (Jim Hoffbauer) is employed by the town. The town believes they bear the burden of all liability for water treatment, and even for water quality within the USCDWUA distribution system.

Hawkins said he has been pressured by the Town to obtain a separate PWSID for USCDWUA. He said the only applicable category available is to be designated a "consecutive system," which means a system that buys water from a primary supplier. He said he was reluctant to have USCDWUA classified in that manner because of our interest in the common system. Hawkins also said that a conversation with Mike Havens of the Grand Junction office of the Colorado Health Department convinced him that we do not need a separate PWSID.

Aaron Clay said the PWSID is in the name of the Town of Cedaredge as a convenience, that the Town acts as an agent for the joint venture. He said he does not believe the Town would have sole liability for water quality problems, and definitely not if they arise in the USCDWUA distribution system.

August - December 2001 Treatment Billing : Dan Hawkins said he had found numerous problems with the bills. Many items are not sufficiently documented. There is also a large increase in labor costs, both in the hourly rate and the total hours spent on water treatment. He said the hourly rate had gone up from \$18 to \$23.50. The hours claimed for December, between Jim Hoffbauer and Gary Noah, were 212. Hawkins said that is far above the time needed to operate the plant.

Aaron Clay asked the reason for the increase in hourly labor rate. Hawkins said it appears that the Town is now factoring in all their employee expenses, such as health insurance, IRA contributions, etc. Aaron asked what USCDWUA had charged for operating the plant. Hawkins

said \$18 per hour. Aaron said that the \$18 hourly rate appeared to be mutually agreed to, and the Town does not have a right to unilaterally change it without agreement from USCDWUA.

Hawkins said another area of disagreement is that the Town charges for bacteriological testing on their distribution system, including time and mileage to deliver the samples to Grand Junction. Hawkins says USCDWUA takes its own samples and pays all expenses for them. Aaron Clay said USCDWUA does not have to pay for Town samples on their distribution system. Aaron advised that a letter detailing the disputed areas should be sent to the Town. If agreement cannot be reached within 30 days of the disputed bill, a board of arbitration is convened, in accordance with the Operating Agreement. He said the arbitration process is public, and a public process can turn out to be damaging to both parties. He said it must be done, nevertheless. He said the proper procedure is to pay the bill, or \$1,000 (whichever is less) and request an arbitration.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to formally dispute the Water Treatment Bill as sent to the Association by The Town of Cedaredge.

MOTION CARRIED with no opposing votes

Jerry Figueroa asked Aaron Clay for his opinion on how to proceed in dealing with the Town. He said there have been other instances where he believes the Town failed to comply with the Operating Agreement, such as refusing to cooperate in cleaning up rocks, and authorizing an engineering study of the common system without consulting USCDWUA.

Aaron said he would speak to the Town attorney and advise him of the discontent in USCDWUA. He said it would be possible to legally enforce the agreement, and to force participation in plant operation.

Jerry asked the Board how far USCDWUA should be prepared to go in terms of legal action against the Town. There was discussion. Most seemed to think it is too early to predict what the best course of action is. Aaron Clay said he agreed, the process should be pursued a step at a time, and see what results are obtained.

Dan Hawkins said he does not favor spending a lot of resources fighting the Town, because the process is likely to be repeated every time there is an election of new trustees, or a turnover in Town personnel. He said he would prefer to become independent from the Town. He said the water needs are much different between the municipal and rural systems, and there are likely to always be fundamental disagreements between the two entities.

Hawkins said that information received so far from the engineering study on the common system bears out our own prediction that the Town and USCDWUA will be at capacity in ten years. He said the study is likely to recommend a capital outlay of \$1.2 to \$1.5 million dollars in improvements needed to increase the water supply and improve the treatment process. The USCDWUA share of that amount would be up to \$300,000.

Aaron Clay asked, if the Town were to buy out USCDWUA and regain 20% capacity, if it would extend the time before needed improvements. Hawkins said it might gain them an additional ten years. Helen Hawkins asked how the price of such a buy out would be established. Aaron said industrial appraisals are common and easily done. Each side would hire a appraiser, then negotiate.

Land Acquisition: Aaron Clay asked if it would be possible to build a treatment plant and

avoid any facilities on U.S. Forest Service land. Dan Hawkins said yes, that a potential site exists along Surface Creek which would use water from the creek and be well outside the USFS boundary. Aaron said it would be important to secure the land as a first step. He said that even if plans change, the land is an asset that will do the Association no harm.

Bryan Klaseen asked how much land is necessary for a treatment plant. Dan Hawkins said at least five acres for the plant site, plus easements for the raw water intake, raw water pipeline, and finished water pipeline to where it can connect back into the existing system.

Hawkins said that the property owned by Fred Houghton III, which is a potential treatment plant site is now being subdivided. The current plan is for two parcels, one of which will be retained by Houghton. The second parcel is 2.6 acres and includes a house and shop. Hawkins said it would be better to split the land three ways, leaving the parcel with the house for others to buy. Houghton has said he is amenable to a three-way split if USCDWUA would help with the Delta County Planning procedures.

After lengthy discussion, it was the consensus of the board that Dan Hawkins should explore options on a land purchase.

Other

Bonita Leyba : Dan Hawkins said that, acting on a tip from a neighbor, he and Dayton Myers and Chuck Moore saw water being delivered to the second home on Bonita Leyba's property through a garden hose. There is no tap for the second home, and Mrs. Leyba has maintained that the second home is served by a cistern filled with hauled water. There have been several complaints from neighbors in the past that the source for the cistern is actually USCDWUA.

Hawkins gave the Board and Aaron Clay a proposed letter to Mrs. Leyba. The letter allowed thirty days to purchase a second tap, and said the tap could be run through the existing meter, or a second meter installed. Aaron Clay strongly recommended that the second meter be required, and that an additional 15 days be allowed to connect it. If neither is accomplished, water to the existing tap should be shut off.

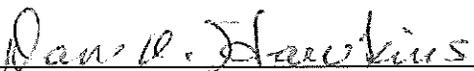
MOVED BY Jerry Figueroa

SECONDED BY Donna Ferganchick to send a letter to Bonita Leyba telling her that her water will be disconnected within 45 days if she has not purchased and installed a tap at the second home on her property.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:50 p.m.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 11, 2002**

Herman Kline called the meeting to order at 6:35 p.m. Board members present were: John Hawkins, Herman Kline, Bryan Klaseen, Donna Ferganchick and Ellis Fritchman. Jerry Figueroa and Kelly Peterson arrived later. Others present were: Dan Hawkins, Helen Hawkins, Bonita Leyba, Nolan Leyba and Kathleen Leyba.

Minutes

Bryan Klaseen suggested that on page 2, second paragraph, second line, the phrase "interested partner" show be changed to "joint owner."

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept the February 13, 2002 Minutes as corrected.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins presented the February Cash Flow Report. He pointed out that Dayton Myers will be going to the water treatment operator school at the end of March.

Herman Kline asked about the vehicle expense. Dan said the major cost was a transmission overhaul on the 1985 Chevy truck.

MOVED BY Donna Ferganchick

SECONDED BY Bryan Klaseen to accept the February Cash Flow Report

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins presented the EOM Report. Bryan Klaseen commented that the water usage was down. Hawkins said that February was a short month so the usage was probably equivalent to the other winter months.

Bonita Leyba

Dan Hawkins introduced Bonita Leyba, who also introduced her parents, Nolan and Kathleen Leyba. The parents live in the second mobile home on the Leyba property. The home is served water from an aboveground concrete cistern. Bonita Leyba had been sent a letter requiring that a second tap be purchased because the cistern was observed being filled from Bonita Leyba's USCDWUA tap.

Mrs. Leyba and her parents explained that the cistern was indeed partially filled from USCDWUA, but only on one occasion. A plumber had repaired a frozen pipe, and asked that water be put into the cistern to check the repair. Hauled water could not be arranged, so a hose from Bonita Leyba's tap was used to put water into the cistern.

Bonita Leyba produced a statement from North Fork Water, a commercial water hauler. The statement indicated that Kathleen and Nolan Leyba were steady customers. Bonita Leyba

also provided a bill from a plumber, showing that work was indeed done on the mobile home of Kathleen and Nolan Leyba at about the same time the cistern was filled from Bonita's tap.

Dan Hawkins said neighbors had reported to him that the cistern was commonly filled from the USCDWUA tap. Bonita Leyba responded with numerous complaints against neighbors.

After discussion, it was decided to extend the term of the letter requiring a tap purchase, and that Dan Hawkins is to try to confirm the information from the water hauler.

Vehicle Report

Dan Hawkins reported that all upgrades to the 1990 Dodge and 1985 Chevrolet trucks have been completed, and the trucks are in service. The 1985 Chevy received a new engine, new radiator, new alternator, and rebuilt transmission.

Construction/Maintenance Report

P-25 Road Leak: Dan Hawkins reported that another leak occurred on P25 Road, Redlands mesa, within the same 100-yard stretch which has had three previous leaks. This leak started as a small seep which blew up overnight and drained the main Redlands tank. Much of Redlands Mesa was without water for about six hours.

There was discussion of the possible reason for so many leaks in a concentrated area. Dan Hawkins said the pressure is around 100 psi, and remains fairly steady. The area is extremely rocky, which may be a contributing factor. John Hawkins said the pipe may have been damaged at some point during transportation and handling before it was installed.

2425 Road - new 6" line: Dan Hawkins said Michaela Game has granted an easement through her property (the former McPherson orchard property), allowing the pipeline to be moved off the County road for about 2400 feet. At the south line of the Game property, the line will have to be in the County right-of-way to avoid Wilford Barton's house.

The length of the new pipeline is about 4,400 feet. The pipe was purchased last year. Peterson Excavating will do the work, starting about April 1.

Pipeline flushing: Main lines will be flushed in March, as covered in the newsletter. Dan Hawkins said Board members may expect complaints about brown water, air bubbles, and temporary low pressure or no water.

Town of Cedaredge

Dan Hawkins reported that he had paid the Town \$995.53, with a letter stating that it was paid under protest. In the letter, the Town was asked to negotiate the disputed billing by March 25. After that, an arbitrated decision would be requested.

Hawkins said Aaron Clay informed him that Clay cannot serve as USCDWUA representative on an arbitration board. Clay said the process is similar to a legal hearing or trial, and is a public process. Clay suggested Steve Harper, an attorney who has experience with water system contracts. Donna Ferganichick suggested that Dan Hawkins should represent the Association.

Hawkins showed the Board a number of photographs of the water treatment plant. They showed generally trashy conditions, and motorcycle maintenance going on inside the plant.

Hawkins said Ed Marah is considering a candidacy for Town Trustee. He has met twice with Hawkins to discuss treatment plant conditions. He has asked for a tour of the plant with USCDWUA personnel. There was no objection expressed by the Board to allowing Ed Marah

into the plant.

Donna Ferganchick asked if the treatment plant is regularly inspected by the Colorado Health Department. Hawkins said to his knowledge, it has only been inspected once since it was constructed. Donna said she feels the Association should be on record expressing concern about the condition of the treatment plant. Ellis Fritchman suggested asking Keith Peterson, the operator for Orchard City, to look at the plant as an independent witness.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen that Dan Hawkins write a letter of concern to the Town of Cedaredge about the conditions of the treatment plant and that a copy of it be sent to the State Health Department.

MOTION CARRIED with no opposing votes

Fred Houghton Property

Dan Hawkins said Fred Houghton wants to sell approximately 26 acres for \$160,000, including a house. The exact boundaries of the parcel are unknown, as is the acreage.

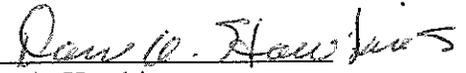
Hawkins said he talked to Barbara Ball at Delta County Planning to see if the 26 acres could be further split if the Association were to buy it. She said if the original split was court ordered, there would be no prohibition of another split later.

Hawkins said the property has a number of advantages as a potential treatment plant site. It is close to Surface Creek, and also relatively close to the existing USCDWUA system. It is accessible from the county road, and has electric power on the property.

Hawkins said he would like to talk seriously with Fred Houghton and also investigate bank financing. The consensus of the Board was to proceed with discussions with Houghton and check into financing.

Meeting adjourned 9:05 p.m.

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 15, 2002**

Jerry Figueroa called the meeting to order at 6:48 p.m. Board members present were: John Hawkins, Donna Ferganchick, Herman Kline, Kelly Peterson, Jerry Figueroa, Bryan Klaseen and Ellis Fritchman. Others present were Dan and Helen Hawkins.

Minutes

MOVED BY Donna Ferganchick

SECONDED BY Jerry Figueroa to accept the March 11, 2002 Minutes as delivered to the board members.

MOTION CARRIED with no opposing votes.

Financial Report

Donna Ferganchick asked if the water assessments were for the entire year. Dan Hawkins said they were and one more assessment is yet to come from Alfalfa Ditch. Herman Kline asked about the expenditure on tires for the backhoe. Dan Hawkins said two front tires were purchased after one blew out. Hawkins pointed out that Cedaridge has not billed the Association for January, February or March water treatment, and no estimated payments have been made.

MOVED BY Donna Ferganchick

SECONDED BY Kelly Peterson to accept the March 2002 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report

One tap was sold to Donald Ahern. The number of new meters increased sharply due to updating meter cards for the summer. Dan Hawkins said the total past due has increased and he anticipates sending out some shutoff notices.

Subdivision Report

Desert Rosie (O'Brien) 2697 Q Road: Dan Hawkins said the proposal is for two lots, one of which already has a water tap. The property is ¼ mile long north and south, by about 400 feet east and west. The south lot has two mobile homes, one of which is unused and will be removed, according to the developer.

Jerry Figueroa asked if the north lot should be served from the north, off the Redlands supply line, or from the south, on Q Road. Dan Hawkins said he thought it should be from the south. Jerry Figueroa observed that the 2½ line on Q Road has a lot of taps.

Bryan Klaseen asked if an easement should be requested to connect the Redlands supply line with the Q Road Line. Dan Hawkins said it would be better not to interconnect with the Redlands line, due to higher pressure and the need to protect the Redlands supply. He said there is an easement from Tom Cooper about ½ mile west of the proposed subdivision where the Q Road line could be interconnected with a 4-inch line running at the same pressure.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to grant taps to the Desert Rosie Sub Division provided that taps are purchased within six months.

MOTION CARRIED with no opposing votes

Gerhard Rueckert - common line: Dan Hawkins said Mr. Rueckert had come to the office to request four taps for a 20-acre parcel he plans to subdivide into four lots. Hawkins said he has not received any information from Delta County Planning on the subdivision.

Hawkins said Mr. Rueckert's property is northwest of the Association's main tank on Milk Creek. It is higher in elevation than the tank. The only source of pressurized water is the common line at or near the diversion vault. Mr. Rueckert said he had approached the Town of Cedaredge, and they had told him it was USCDWUA's service territory.

Dan Hawkins said Mr. Rueckert mentioned the possibility of a lawsuit if taps are not granted by somebody

MOVED BY Bryan Klascen

SECONDED BY Donna Ferganchick to deny Gerhard Rueckert's request for taps as the area is not in USCDWUA's service territory

MOTION CARRIED with no opposing votes.

The Board instructed the manager to write a letter to Gerhard Rueckert explaining why this is not in the Association's territory and send a copy to the Town of Cedaredge.

Construction Report

Dan Hawkins reported on the following projects or incidents:

2425 Drive: About 300 feet remains to be installed at the south end of the project. All taps but one have been tied to the new line. After Parkwood Subdivision was connected to the new line, the pressure regulator in the subdivision supply line failed. The subdivision was out of water until the problem was fixed at about 10:00 p.m. There have been numerous complaints of taste and odor coming from the new pipeline. Intermittent flushing is being done to alleviate the problem.

2700 Road (Fry Extension): Most of the 6-inch PVC pipe has been installed for the project, which runs north from the intersection of 2700 Rd. and O Rd. The line has not been connected to the system and placed into service yet.

Break in raw water line: Gary Noah called Dan at 6:00 a.m. on Saturday, April 6, requesting help with a raw water line break near the hydroelectric plant. It was found that an 8-inch cast iron valve had split. The hydroelectric plant was shut down and bypassed, depressurizing the raw water line. That allowed enough water to run past the leak to keep the system supplied. It was decided to wait until parts were obtained to make repairs, which was done April 10. Crews from the Town, USCDWUA, and Peterson Excavating worked on the job nearly all day.

Hawkins said the hydroelectric plant is being run at too high a pressure. The automatic controls in the plant don't work. Pressure is maintained with a pressure sustaining Cla-valve, which is not reliable with raw water. He said what is needed is a pressure dump on the raw water line at a point just south of the Forest Service boundary, which is at an elevation to naturally prevent hazardous pressure, but maintain enough pressure to operate the hydro plant.

Water Supply

Jerry Figueroa asked Ellis Fritchman to give a report on the reservoirs on Grand Mesa. Ellis asked, "Do you really want to know?" He said the information available now indicates most reservoirs will fill to about 25% of capacity. Also, the flow in Surface Creek is expected to drop early and remain low throughout the season.

Dan Hawkins gave the Board a spreadsheet showing that, if only 25% storage is available, either additional water or some restrictions in use might be needed.

Ellis said that Grand Mesa Water Users will have a meeting the first week in May to set appropriations for all reservoirs, and better information will be available then.

Jerry Figueroa said he thinks Orchard City and Coalby systems have more severe shortages than USCDWUA, and will be actively seeking supplemental water. He said the Grand Mesa Conservancy District plans to reserve a supply of domestic water to be available for emergency use.

John Hawkins said that in the 1977 drought, the Association rented water from the Granby system, but then it rained later in the season, and the rented water was not used.

There was discussion of what kind of water use restrictions might be applied. Suggestions were to place a cap on number of gallons allowed per month, or to increase the rate charged for overuse.

MOVED BY John Hawkins

SECONDED BY Donna Ferganchick that letters be sent immediately to all members, addressing the drought situation. The letter should include be a warning that water use restrictions probably will be imposed by the Board at the May 13 meeting.

MOTION CARRIED with no opposing votes

Kelly Peterson said the dry conditions on Grand Mosa are conducive for a major fire. He asked if the treatment plant could handle the ash and mud that might result from a fire in the Surface Creek drainage. Hawkins said the plant was designed with spring water as the assumed source. Heavy dirt or ash loads would need to be removed before the plant could process the water, but there are no facilities to do that.

Natural Gas Line

Gunnison Energy Company, a subsidiary of Oxbow Mining, is planning to drill some gas wells in the Surface Creek drainage and build a collection pipeline to carry the gas to the high pressure transmission line along Highway 65.

Dan Hawkins said he attended a meeting with representatives from the Town of Cedaredge and Gunnison Energy. He said that the main objection so far is that the Forest Service wants the gas pipeline to occupy the same easement as the raw water transmission line. The easement is only 16 feet wide, thereby creating a concern for the safety of both pipelines during construction and maintenance operations. Hawkins said the Town, USCDWUA, and Gunnison Energy all seem to agree that more room is needed for two pipelines in the same corridor.

Hawkins said he had attended a public information meeting presented by Delta County Planning on the proposed drilling and pipeline, but the format of the meeting did not give an opportunity to discuss the Forest Service issue. He said the Town is planning a letter to express concerns about the routing of the gas lines, and we will receive a copy for review.

Town of Cedaredge

Dan Hawkins gave a review of the billing dispute to date:

1. In the last six months of 2001, USCDWUA received no billings for water treatment from the Town. USCDWUA made estimated payments in order to get the expenses out of the budget.
2. On February 6, 2002, the Town billed USCDWUA for the last six months of 2001, and offered an annual reconciliation. The reconciliation alleged that USCDWUA owed an additional \$995.53 for 2001. The bill was paid under protest, with a letter and detailed list of disputed items.
3. On May 11, the Town provided a revised annual reconciliation. Based on the list of disputed items, around \$700 was removed from the previous reconciliation, but additional charges were applied, resulting in a new amount due of \$4,469.96.
4. Aaron Clay has advised that the Town is not conciliatory, and to make no payments or negotiate until the Board is clear on whether to split from the Town or not.

A lengthy discussion followed. Jerry Figueroa stressed the need to enforce the operating agreement with the Town, regardless of whether dissolution of the partnership is planned. Ellis Fritchman said the Association stands to lose nothing in arbitration besides legal costs. Donna Ferganchick said the billing dispute is a current problem, but building a filter plant and splitting from Cedaredge are long-range planning issues. John Hawkins said it is important to know what direction the Board wants to go before engaging in a legal confrontation.

MOVED BY Donna Ferganchick

SECONDED BY John Hawkins that we go into arbitration in regard to the water treatment billing dispute. Dan Hawkins is to contact Aaron Clay to start the procedure.

MOTION CARRIED with no opposing votes.

Future Plant Site

Dan Hawkins said the Fred Houghton III property on 2500 Drive, which is a potential treatment plant site, will be placed on the market May 1. Mr. Houghton has informally agreed to withhold the property from listing, and give USCDWUA a chance to purchase it for three months for a non refundable payment of \$2500. The amount of property is probably 21 acres, with a house and outbuildings the asking price is \$160,000.

John Hawkins asked if the payment was to be considered a purchase option, or a right of first refusal, or what. Dan Hawkins said it was just an informal verbal agreement so far. Jerry Figueroa suggested that a formal contract be written up in accordance with accepted real estate practices.

There was considerable discussion of the suitability of the property for plant construction, and the fair market value. Dan Hawkins said it is close to both the water source and delivery point. He estimated about 2,500 feet to Surface Creek for a raw water pipeline, and about 3,500 feet to the Milk Creek tank to tie into the existing system.

Ellis Fritchman said we need to go ahead with a filter plant because of the 20% limit of our ownership with Cedaredge.

There was a question of where to get the money to purchase the property. Dan Hawkins said the Surface Creek Bank is willing to loan money for the project.

After further discussion, it was

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen to negotiate an option or purchase agreement with Fred Houghton

MOTION CARRIED with no opposing votes.

Other

It was the consensus of the board to change the time of board meeting to 7:30 p.m. because of daylight saving

Meeting adjourned 9:45 p.m.

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 13, 2002**

Executive Session:

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were: John Hawkins, Donna Ferganchick, Herman Kline, Jerry Figueroa and Bryan Klaseen. Others present were Aaron Clay, Dan Hawkins and Helen Hawkins.

Dan Hawkins gave the board a summary of the dispute with the Town of Cedaredge over treatment plant billings:

- July 2002 through December 2001- there were no bills received from the Town. USCDWUA made estimated payments throughout that period.
- February 6, 2002 - Bills for July through December 2001 were received from the town, along with an annual reconciliation showing \$995.53 due from USCDWUA.
- February 22, 2002 - Dan Hawkins responded with a letter and an itemized list of disputed charges. A meeting was requested to resolve the issues.
- March 6, 2002 - No response was received from Town. Dan Hawkins sent a check for \$995.53 paid under protest.
- March 11, 2002 - letter and revised 2001 annual reconciliation received from Town. The revised reconciliation now shows a balance due of \$4,469.96 due from USCDWUA.
- May 1, 2002 Treatment bills received for January and February 2002. No payment has been sent yet.

Hawkins said the January and February billings indicate that treatment expense will be 50% greater than what was budgeted for the year.

Aaron Clay said he had reviewed the Operating Agreement with the Town, and he did not think arbitration would be cost effective at this point. He recommended paying the current bills with two checks, one for the acceptable amount of the bill, and the second for the disputed amount of the bill. He said that would create a record of protest that might be used later, if the protested amount seemed high enough to justify the cost of arbitration.

Jerry Figueroa said that, if USCDWUA was still involved in operation of the plant, the bills would be at least 25% less. Dan Hawkins said that, since USCDWUA now has a Class A operator on staff, perhaps a proposal should be made to the Town that USCDWUA assumes operation of the plant on a contract basis. He said that would result in lower cost for both the Town and USCDWUA. There was general agreement to draft such a proposal for review at the next Board meeting.

There was discussion of the procedure for dissolving the partnership with the Town. Aaron Clay said the value of the common system must be established by an industrial appraiser, and agreed to by both parties. If agreement cannot be reached, a judge can establish the settlement.

John Hawkins said he favored a settlement with the Town early, so it is known how much money is going to be available from the settlement. Jerry Figueroa said he prefers to wait until later, but go ahead with plans for a new treatment plant. Aaron Clay recommended advising the Town of the Association's intent soon. He said he thinks the Town is eager to get rid of USCDWUA.

Dan Hawkins said a purchase agreement has been negotiated with Fred Houghton III and Anette Houghton, who are divorced but still co-owners of property on 2500 Drive which is being considered as a treatment plant site. The agreement calls for earnest money of \$2,500, to be forfeited if the Association does not proceed with the purchase. The purchase price is \$165,000. The acreage is 21, more or less, along with a modular home, outbuildings, and 1/3 interest in a domestic water well. The property can be obtained without a County Subdivision application, by treating it as a boundary adjustment between Fred and Anette Houghton. The closing date set by the agreement is October 1, 2002.

MOVED BY Bryan Klaseen

SECONDED BY Donna Ferganchick to proceed with signing a purchase contract for the property on 2500 Road with Fred Houghton.

MOTION CARRIED with no opposing votes.

Jerry Figueroa said he believes a feasibility study ought to be done by an engineer to confirm that the proposed property is suitable for a filter plant. There was discussion of what engineer to use. Dan Hawkins recommended Ute Engineering, as they can do the boundary survey at the same time.

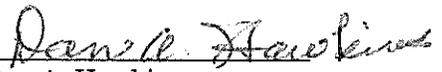
MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to authorize Leroy Black of Ute Engineering to do a survey feasibility study on the 2500 Drive property.

MOTION CARRIED with no opposing votes.

Meeting adjourned: 7:25 P.M.

Respectfully Submitted



Dan A. Hawkins

Secretary - Treasurer

**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 13, 2002**

Regular Meeting

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were: John Hawkins, Donna Ferganchick, Herman Kline, Jerry Figueroa, Ellis Fritchman and Bryan Klaseen. Others present were: Arthur Behrman, Richard Noble, Lew Bickmore, Fran Fraser, William Fraser, Essell Bever, Terry Messenger, Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to approve the April 15, 2002 Board Meeting and the April 26 Special Board Meeting as delivered to the board members.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins said that all water assessments have been paid. Donna Ferganchick asked if all costs of the 2425 Road project were paid, and how the cost compared with the estimate made in 2001. Hawkins said the costs are all paid, the total project cost was about \$3,000 less than projected.

MOVED BY Donna Ferganchick

SECONDED BY John Hawkins to accept the April 15, 2002 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report:

Dan Hawkins presented the End of Month Report. He said two new taps had been purchased, one on Redlands Mesa and one on 2550 Road not far from the Association office.

Gas Wells and Pipeline:

Jerry Figueroa noted that several visitors were in attendance who might be interested in this topic. Dan Hawkins said he had received two letters, one from Mr. and Mrs. Fraser. Jerry Figueroa asked if the Frasers or any other guests would care to address the Board.

William Fraser said he is concerned about the impact on water quality and quantity. He said there are not enough data to show what the effect on Grand Mesa aquifers might be. He wondered where the drillers would get the water for their drilling operations.

Fran Fraser said she has a background in geology, and is convinced the drilling will be detrimental to water wells and springs on Grand Mesa. She is also concerned about streams becoming polluted.

Dan Hawkins pointed out that the majority of domestic water comes from streams and reservoirs, and that the springs utilized are at a higher elevation than the proposed drilling.

Jerry Figueroa pledged that the Board would obtain all the information possible, and would do what was in the interest of the shareholders.

Drought:

Alfalfa Ditch rental: Dan Hawkins said the Association did not rent the Alfalfa Ditch water from Harmon Lowman, even though it was authorized by the Board at the April 26 special meeting. He said there were two reasons. First, the cost of the water became exorbitant after the shrink was applied as a result of utilizing it for domestic rather than irrigation use. He said the proposal drafted by Aaron Clay for submission to the State Engineer would only provide about 12 cfs of water. At the \$10,000 price agreed to, that came to about \$800 per cfs. Second, the Grand Mesa Water Users appropriated water to the various reservoir systems on Grand Mesa, resulting in a better yield than expected, especially on the Surface Creek system. The Alfalfa Ditch water was considered unnecessary as a result.

Park Water rental: Dan Hawkins said two shares of Park Reservoir have been offered at \$200 per share. He said if the water could all be used as domestic, it would provide three or four days run. There is a good chance that it would be subject to the same shrink applied to the Alfalfa Ditch water, making it nearly worthless. Ellis Fritchman said he believes water will be available in small amounts as the season progresses. It was generally agreed to let the manager evaluate any such small water purchases, based on need and price.

Water restrictions: Dan Hawkins said that on a normal year, the Association will only use about 20% of its stored water. This year, he predicts that 70% will be used. That is based on the #1 flow decree behaving as it did in 1977, and if the water usage is increased 10% over last year. Hawkins presented to the board an analysis of water use vs. revenue for the past four years. He said he believed a small adjustment to the rate schedule, and a continuing program of education through the newsletter would be enough to ensure an adequate supply this year. Hawkins presented the following proposed rate schedule change to the board:

PREVIOUS RATES:

0-7500 gallons/month \$23.00
7501-20,000 gallons/month \$0.80 / 1000 gal.
20,001-30,000 gallons/month \$1.50 / 1000 gal.
30,001-40,000 gallons/month \$4.00 / 1000 gal.
40,001-50,000 gallons/month \$8.00 / 1000 gal.
Over 50,000 gallons/month \$10.00 / 1000 gal.

NEW RATES:

0-7500 gallons/month \$23.00
7501-13,000 gallons/month \$1.00 / 1000 gal.
13,001-20,000 gallons/month \$1.50 / 1000 gal.
20,001-30,000 gallons/month \$2.00 / 1000 gal.
30,001-40,000 gallons/month \$4.00 / 1000 gal.
40,001-50,000 gallons/month \$8.00 / 1000 gal.
Over 50,000 gallons/month \$10.00 / 1000 gal.

There was considerable discussion, between the Board and the guests. Lewis Bickmore said he thought the rate increase was not strong enough. Richard Noble said he moved here from Aurora, CO, and that water is comparably cheap here.

John Hawkins asked what the goal of the rate increase is. Dan Hawkins said it is to reduce consumption and/or to increase revenue, since the usage categories where the rates will increase are those categories where the most water is used for the least revenue generated.

Ellis Fritchman asked if the increase should be made permanent. Dan Hawkins said he recommended that it be made permanent. Lew Bickmore suggested making the rates higher this year, then reducing them in the wet years. Dan Hawkins said he thinks the membership is already cooperative and conservative, and he doesn't want to punish them unnecessarily.

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to accept the rate increases as presented by Dan Hawkins, effective June 1, 2002, and that the membership be informed by mail immediately.

MOTION CARRIED The rate increase passed by 5 (five) ayes and 1 (one) nay.

Property Purchase: (This agenda item was covered during the executive session)

Subdivision Report:

Stemple Major 2712 Q Road:

This is proposed as a major subdivision, with six lots. It is the former property of O. David Stemple, now owned by Dick and Sandra Whitton. Dan Hawkins said he does not think six taps can be supported by the Q Road line, which is 2½ inch galvanized, and showing signs of reduced flow. He said a fire hydrant would be out of the question on the present line.

Hawkins said that the Q Road line should be connected to a four-inch line located a quarter mile to the north. He said an easement has been obtained from Tom Cooper for that purpose. This would also require the Q Road line to be upgraded from the Cooper interconnect east to the proposed subdivision, a distance of about ½ mile.

John Hawkins pointed out that it would also be possible, theoretically, to connect to the same four-inch line via 2675 Road, although that route is steep and questionable. That would connect to the Q road line near the subdivision, and require less of the Q Road line to be upgraded. Jerry Figueroa asked about the cost of interconnecting. Dan Hawkins said \$15,000 - \$40,000 depending on the route chosen.

It was agreed that the developers should attend a Board meeting to discuss the options.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen that the Association can serve the Stemple Major Subdivision if the developer will pay for the necessary upgrades.

MOTION CARRIED with no opposing votes.

Other

Arthur Behrman Extension:

Dan Hawkins said Arthur Behrman is still in the midst of obtaining approval for a minor subdivision at S25 and 2425 Roads. The Board had committed two taps for the subdivision in September 2001. The time for purchasing the taps has expired, and Mr. Behrman is asking for an extension of time.

Dan Hawkins said Delta County is asking for a fire hydrant at the intersection of S25 and 2425. Hawkins said he provided a price quote for the hydrant, but also recommended that installation wait until that main line is upgraded, probably within five years. Mr. Behrman said he prefers to install it now, because in five years the cost is estimated to increase by up to \$500. He said he is willing to move the elk fence out of the way to allow room for the hydrant.

MOVED BY John Hawkins

SECONDED BY Jerry Figueroa to extend the tap commitment for Arthur Behrman for six months.

MOTION CARRIED with no opposing votes.

Jerry Figueroa suggested that USCDWUA do something special for Dayton Meyers since he has received a Class "A" Operators license. It was the consensus of the board that the company pay for a weekend at Ouray or some such place for Dayton and his wife.

Meeting adjourned 9:45 P.M.

Respectfully Submitted *Dan A. Hawkins*
Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 10, 2002

Herman Kline called the meeting order at 7:35 p.m. Board members present were Kelly Peterson, Herman Kline, John Hawkins, Ellis Fritchman, Bryan Klaseen, Donna Ferganchick and Jerry Figueroa who arrived late. Also present were Steve Hennessey, Drake Waehner, Dan Hawkins and Helen Hawkins.

Minutes

It was pointed out that, in the prepared minutes, in the last paragraph of Page 2, in the sentence "Lew Dickmore suggested making the rates higher this year, then reducing them in the drought years," the phrase "drought years" should have been "wet years."

MOVED BY John Hawkins

SECONDED BY Donna Ferganchick to approve the May 13, 2002 minutes as corrected.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins explained some points of the cash flow report:

- Some late bills came in for work on the 2425 Road pipeline replacement. The total cost of the project was \$76,000. The predicted cost when the project was outlined in 2001 was \$79,000.
- Water treatment bills from the Town of Cedaredge are shown with the amount paid under protest broken out.
- The expenditure for the engineering on the 2500 Road property was for the boundary survey.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to accept the May 2002 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report

The four taps purchased during May brought the total for the year to twelve. The total number of new taps projected for the year was 22.

Water Usage Report

Dan Hawkins said usage through individual meters is down from last year. The system used considerable extra water over what was delivered to the users, because of flushing lines in response to rust and taste complaints. Hawkins said there is still a residual taste and odor from the new pipe on 2425 Road, despite a lot of flushing. Most of the complaints are from the Parkwood Subdivision and Panorama Heights Subdivision, both of which are fed by the new pipeline.

Subdivision Report

Steve Hennessey was present, representing Dick Whitton, the owner of the Stemple Major Subdivision. Mr. Hennessey handed out a sketch of the development to the Board, showing a plan for six lots on the south side of Q Road, approximate address 2712.

Dan Hawkins said the Cedaredge Fire Department told him they will request two fire hydrants for the subdivision. He said the 2½ - inch line is too small to support fire hydrants, and is not flowing

enough extra to support six new taps either. He said the line at least needs to be connected to a larger line to provide domestic flow, and would have to be replaced with a larger line to provide fire flow. He said he had put these conditions in a letter to Delta County Planning, as directed by the Board at the May meeting.

Jerry Figueroa said the Association always requires developers to participate in the cost of upgrades made necessary by their development.

Steve Hennessey asked, if the taps are bought up front, would that pay for the upgrade? John Hawkins said the upgrades will cost at least the amount of six membership fees (\$42,000). He said the membership fees are intended for capital improvements and replacements over the whole system, not just the upgrades to enable a subdivision.

Steve Hennessey asked if the developer built a new line, then others connected to it in the future, would he receive a rebate? Kelly Peterson said the Board has never had such a policy, and he did not believe it was a good idea.

Steve Hennessey asked if the subdivision was scaled back to just two or three taps, would the policy be the same? Dan Hawkins said he was concerned about the ability of the Q Road line to supply even domestic flow for more taps.

Jerry Figueroa said no formal action was needed on the subdivision, because the Board had already passed a motion at the May meeting. Steve Hennessey said he would inform the owner, Mr. Whitton, of the Board's position and get back with Dan Hawkins about Mr. Whitton's intentions.

Gas Wells

Dan Hawkins said two letters have been received on the subject of coal bed methane drilling, one from Mark Carlton, and one from the Grand Mesa Citizens Alliance (GMCA). Both letters urge the Association to take position opposing Delta County authorizing exploratory wells proposed by Gunnison Energy. The Board was provided copies of the letters.

Drake Waehner addressed the Board on the issue. He said he represented the position of the GMCA, which is that methane drilling has been detrimental to every community that has experienced it. He said it has always resulted in the contamination of water supplies. He gave the board a packet of information, including a letter to the Delta County Commissioners from the Town of Hotchkiss. He asked that the Association write to the Commissioners requesting that more time be taken to study the effects of methane drilling before acting on the Gunnison Energy permit.

Dan Hawkins said he has seen claims of private domestic water wells being disrupted by methane drilling. He said he has not yet seen a report of a public water supply being affected. He asked Mr. Waehner if the GMCA had any information indicating that a public water supply was adversely affected. Mr. Waehner said he would research the question and provide any information found to the Association.

After considerable discussion, it was

MOVED BY Jerry Figueroa

SECONDED BY Ellis Fritchman to submit a letter to the County Commissioners expressing our concerns about the gas well and ask that they give the county more time to study the problem.

MOTION CARRIED with no opposing votes.

Construction Report

2600 Road Tap Changes:

Dan Hawkins said there were many complaints of rust this spring. Increased flushing helped most areas, but made things worse in the area of P Road and 2600 Road on lower Cedar Mesa. Three taps there are connected to a dead end 1-inch galvanized line which receives much of the rust stirred up by flushing. He said three taps in the area (Nash, Elliot, Badding) are being moved to an adjacent 4-inch

PVC line, and the 1-inch can then be abandoned.

Parkwood Valve House:

Hawkins said a major rebuild and enlargement of the valve house was necessary. Two walls were moved out to provide more room, and a new lid was built. The pressure regulator was rebuilt, and a new pressure relief valve installed.

Leaks:

A leak in a two-inch line was repaired in Sorrento Heights. It was caused by a rock being dropped on the pipe during installation. Another leak was fixed in a 2½-inch galvanized line on Ed Badding's property south of P Road. Hawkins said the line runs through a swamp in that area. The line is not presently active, but should be kept available for future use. Hawkins said he is concerned that the pipe is deteriorating in the swampy area. After discussion, the Board suggested placing a shut-off valve in the line in case it starts leaking again, and plan to replace it in the future.

Automatic Flushing Stations:

Dan Hawkins said flow measurements were taken at each flushing station using a portable meter. The duration of the flush was then set to the minimum time required to change the water in the line needing flushed. This is to prevent the appearance of wasting too much water. He said people who live near the stations seem to understand the need for flushing, and most are eager to use the water in some way.

Fee Increase

Dan Hawkins said the cost of making a transfer has increased due to postal rates (certified mailings), and the cost of installing a meter has increased because of material costs. After discussion, it was

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to increase the Transfer Fee to \$ 30.00.

MOTION CARRIED with no opposing votes.

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to increase the Installation Fee to \$ 350.00

MOTION CARRIED with no opposing votes.

Property Purchase

Dan Hawkins reported that Fred and Anette Houghton were paid the \$2,500 earnest money specified in the purchase contract. An appraisal was performed by Pinon Appraisers, evaluating the property at \$167,000.

Hawkins said the current cash on hand is around \$150,000. He asked the Board how much should be borrowed for the property.

Bryan Klaseen asked what expenditures are expected this year on the Cedar Mesa tank. Hawkins said he has a new idea for design of the tank, which will delay BLM approval because of changed plans. He said a million-gallon tank, which has been proposed, will be only partially full for quite a few years, because there will be no demand for that much water, and quality will deteriorate unless it is kept moving. A partially full tank will tend to rust above the water line more than a full tank. He said he has been thinking instead about a way to build storage in increments, only building what is needed, with room for expansion.

Hawkins said he has consulted with Leroy Black about underground concrete pipe storage. He said concrete pipe of 4-foot or 5-foot diameter is the cheapest way to construct underground pipe storage. In this way, a tank of perhaps 50,000 gallons could be constructed at first, with similar increments added in the future. He said the size of the parcel on BLM would accommodate close to one million gallons, if

the system ever requires that much.

The cost of underground concrete storage is more than an aboveground steel tank, and does not decrease with increased size, as a conventional tank does. But, the Association could avoid a large financial outlay up front, and just build additional storage as required.

Hawkins said the answer to Bryan's question was that probably no money would be spent on the Cedar Mesa Tank this year.

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to pay 50% (\$82,500) of the purchase of the Houghton property from cash reserves, and borrow the remaining 50%.

MOTION CARRIED with no opposing votes.

Town of Cedaredge

Engineering Study:

Dan Hawkins attended a meeting with Judy Kitson, the engineer doing the study, and several people from the Town. He said the preliminary report seems to indicate that recommendations will be made for expenditures of \$900,000 to \$1.5 million on the raw water system to increase supply and to remain within quality rules. There is also discussion of a reservoir on Surface Creek, below the National Forest boundary, to serve as a sedimentation basin and a regulating reservoir for the management of the creek.

Billing Dispute:

Dan Hawkins gave the Board a letter to Maria Forster explaining why the Association is protesting each water treatment billing. The principal complaint is that too much money is being spent on labor and mileage, and USCDWUA does not feel an adequate job is being done operating and maintaining the plant.

Also, the Board was given a list of discrepancies in the operation of the treatment plant, and a proposal for USCDWUA to assume operation of the plant.

MOVED BY Donna Ferganchick

SECONDED BY John Hawkins for Dan to send the letter and all attachments to the Town of Cedaredge.

MOTION CARRIED with no opposing votes.

Other

Dan Hawkins reported that James Mahan is building a home on the east side of Cactus Park. The Association line that can serve his property is about 1/4 mile north. Mahan proposes to build a 2-inch line along the east side of his property and across the parcel to the north to connect to the Association line. An easement exists across the adjoining property to the north. Hawkins has a copy of the easement. The owner of the adjoining property has expressed displeasure at the water line being built, but the easement is specifically described for utilities, and Mahan intends to go ahead with construction. Hawkins said the new line should be an Association line, in order to serve potential future taps, and to give better access to the water meter.

Meeting adjourned at 10:55 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
July 15, 2002

Because neither the president nor the vice president were present at 7:30 p.m.,

MOVED BY Bryan Klaseen
SECONDED BY Donna Ferganchick to appoint John Hawkins Chairman Pro Tem
MOTION CARRIED with no opposing votes.

John Hawkins called the meeting to order at 7:40 p.m. Board members present were John Hawkins, Kelly Peterson, Donna Ferganchick, Ellis Fritchman and Bryan Klaseen. Also present were Ginger McPherson, Marianne McPherson, Dick Whitton, Sandy Whitton, Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Kelly Peterson
SECONDED BY Ellis Fritchman to accept the June 10, Minutes as mailed to the Board members.
MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins reported that since the report was compiled, \$35,000 was transferred to the Surface Creek Bank savings account. The reserve account balance as of the meeting date was \$149,693.51.

MOVED BY Donna Ferganchick
SECONDED BY Kelly Peterson to accept the June 2002 Cash Flow Report as presented.
MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins presented a graph of the system usage compared with the predicted usage. He said more water is being lost at the treatment plant than expected. The predicted amount of stored water to be used in 2002 was based on a process loss at the plant of 5%. This year, between 10% and 20% is being lost to backwashing and other factors. Hawkins says he thinks this is excessive and has written to the Town expressing concern over the loss. Hawkins said USCDWUA users have been very conservative, and that the storage remaining at the end of the year is still expected to be around 30%.

Jerry Figueroa arrived and assumed the position of Chairman.

Subdivision Report

Top of the Mesa - Marianne McPherson

Marianne McPherson explained that she is dividing land occupied by the former packing shed and the residence of the late Mr. and Mrs. Floyd McPherson into three lots. One will contain the home, packing shed and other outbuildings. The other two lots are vacant former orchards.

Dan Hawkins said one tap is already installed serving the residence and packing shed. Another tap owned by Marianne was at one time installed on another part of the McPherson property, but was never used there. The water for that tap was always run through the meter for the home/packing shed. Marianne wishes to use that tap for one of the vacant lots in the subdivision, leaving one lot that a new tap must be purchased for.

John Hawkins asked if the property where the meter was originally installed has been sold. Marianne said the property was given to Wayne McPherson's sister, but the tap was not. It is in Marianne's name.

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to sell one tap to Marianne McPherson for the Top of the Mesa Subdivision.

MOTION CARRIED with no opposing votes.

Stemple Major :

Dan Hawkins introduced Dick and Sandy Whitton, owners of the property to be subdivided at approximately 2712 Q Rd. Mr. Whitton explained that they need to know what the availability of water is, and what expense they will be expected to bear before proceeding with their development plans.

Dan Hawkins said that he did not think six domestic taps could be supported due to the marginal flow of the 2½ inch line on Q Road, which already serves 28 taps. He said fire protection water could not be provided without building ¾ mile of new 4-inch pipeline, at an estimated cost of \$40,000.

Mr. Whitton asked if the line would support three more taps, if fire protection water was not required. Kelly Peterson said he was certain the fire district would ask for a fire hydrant regardless of the number of lots, because the housing density in the area justifies it.

Mr. and Mrs. Whitton left the meeting after being assured that a letter would be sent informing them of the Board's decision.

Dan Hawkins said applications for two more taps on the line are now pending, not connected with the subdivision. He said he is concerned about the ability to serve them, or any other single taps that may be needed. He said the cheapest upgrade would be to connect the 2½ inch Q Road line with a 4 inch line one quarter mile to the north. The route would be across the east part of the Tom Cooper subdivision, where an easement was obtained with the subdivision.

Ellis Fritchman said the Association should do that upgrade, regardless of whether the Stemple subdivision happens. There was lengthy discussion.

MOVED BY Donna Ferganchick

SECONDED BY Kelly Peterson to commit six taps for Dick and Sandy Whitton provided that they pay \$ 20,000 for the line upgrade. Three taps are to be paid on

approval from Delta County. The remaining three taps will be bought as the first lots are sold. Time limit of the last three taps will be one year after county approval.
MOTION CARRIED with five votes in favor. Jerry Figueroa abstained.

Construction Report

Mahan line : A two-inch line about 1400 feet long was installed by Jim Mahan on the west side of Cactus Park. It will be a USCDWUA facility, to serve potential future taps, and also to place the meter at the Mahan home, which is more convenient than a meter at the main line, which runs cross-country. The line is in service at this time.

Colwell line : This line of approximately 100 feet was necessary to serve a new tap on the south side of N Road near the east end of Redlands. The county road (N) was crossed with 2-inch pipe in a bore under the road. A 50-foot run of pipe parallel to the road was built to reach the meter location. Colwell paid all costs.

Holvoet line: Joe Holvoet purchased a part of the Gerald Taylor ranch on Redlands Mesa, south of the Grange Hall at 2800 and O road. The water source is a four-inch line on the north side of O Road. Dan Hawkins negotiated an agreement whereby Mr. Holvoet would do all construction necessary to reach his building site, plus the cost of 2-inch pipe. USCDWUA would upgrade to four-inch pipe. The distance is approximately 2000 feet. The route is the road right-of-way for 2800 road, which is currently unimproved, serving only as a driveway for Bert Sargent, and now Joe Holvoet. Hawkins said the new line is in a direction to enable interconnection with N Road, and that only about a quarter-mile gap remains to complete a grid.

Harmon Road Crossing: A ¾ inch road crossing was installed by USCDWUA at the request of Mr. Harmon, a new owner of the south lot of the Hutchinson Minor subdivision on 2550 Road south of Q Road. USCDWUA provided excavation and pipe, to be wholly reimbursed by Mr. Harmon.

2550 Road : Easement negotiations are ongoing with Rita Trinich and Bob Macfarlane to relocate the line along 2550 Road between R Road and Q50 Road. Paving of 2550 road is expected soon, and at least three road crossings should be built before paving. Dan Hawkins said he expects this to be done within a couple of weeks.

Q 50 Rd Leak : The line along Q50 Road from 2500 to 2550 Road is under pavement for its whole length. A leak surfaced toward the west end of the line. The line is severely rusted. Dan Hawkins said a route needs to be found to replace the entire line outside of the roadway.

Valve House refurbishing: New lids and updated plumbing have been installed for three valve houses - Parkwood Subdivision in the Surface Creek valley, Q Road near the proposed Stemple Subdivision, and at the bottom of the grade off the east end of Cedar Mesa.

Property Purchase

Dan Hawkins said he had talked to three banks about financing the purchase of the Fred Houghton property as a potential treatment plant site. The best offer was from First State Bank in Hotchkiss, at 7% interest, and one point origination fee. Monthly payments for a 15-year term would be about \$750. Hawkins presented Resolution 02-01, which states the intent of the loan and authorizes the President and Secretary to act on behalf of the Association in executing the loan.

MOVED BY Jerry Figueroa
SECONDED BY Kelly Peterson to adopt Resolution 02-01 as presented.
MOTION CARRIED with no opposing votes.
The Board members and the Secretary signed the Resolution.

Dan Hawkins said he has been researching various treatment plan options along with Dayton Myers. He said both he and Myers believe a membrane type filtration system will best meet the needs of the Association, assuring best compliance with future regulation of turbidity and giardia/cryptosporidium removal. Two manufacturers are being consulted now, Pall and Zenon. There are several Pall plants in Colorado, one of which is in Crested Butte. Hawkins and Myers visited that plant recently. A visit is planned to a large Pall plant in Denver sometime within the month.

Hawkins said Pall has presented a budgetary proposal to provide membrane filtration equipment capable of 500 gallons per minute, at a cost of \$500 thousand. That does not include the building, or any influent or effluent piping.

Five Year Budget

Dan Hawkins presented the Board with a comparison of two budget scenarios over the next five years, one assuming a new USCDWUA filter plant, and one staying with the Town of Cedaredge. Hawkins said the Association will need to provide the State health department a five-year budget and other information verifying that we possess the technical, financial, and managerial capacity to form our own water system.

Town of Cedaredge

Dan Hawkins said Herman Kline reported an ongoing leak on the Beaver Creek leg of the collection system. Hawkins and Chuck Moore went with Herman to check the leak, and were able to repair it. Three other leaks were discovered which have been running for an unknown but long period of time.

There was discussion of formally approaching the Town about dissolving the partnership. Jerry Figueroa said he wanted to wait until we are reasonably sure that all parts of the new treatment plant plan are feasible, especially rights-of-way from landowners and BLM.

Other

Dan Hawkins said he had written a letter to the Delta County Commissioners about the Gunnison Energy application for exploratory methane wells, as instructed at the previous meeting.

Meeting adjourned at 11:00 p.m.

Respectfully Submitted: Dan A. Hawkins
Dan A. Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
August 12, 2002

President Jerry Figueroa called the meeting to order at 7:45 p.m. Board members present were John Hawkins, Donna Ferganchick, Ellis Fritchman, Herman Kline, and Bryan Klaseen. Also present were Leroy Black and Dan Hawkins.

Minutes

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept the July 15, 2002 Minutes as mailed to the Board members.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins pointed out an expenditure for a new pipeline locator. The old locator failed and was returned to Houston for repair, which would take several weeks. A locator was borrowed from Orchard City for a while, but it was determined that a backup locator was going to be essential because of the high volume of location requests.

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to accept the July 2002 Cash Flow Report as presented.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported that four taps were purchased in July, bringing the total stock to 833. The number purchased this year is 17. The budget forecast was 22. Hawkins said he is confident the budget forecast will be met.

Hawkins reported that unmetered water for the month was about 6%, which is less than usual. He presented a graph of system usage which showed stored water reserves at the end of the season will likely be around 30%.

Construction Report

2550 Road Crossings: Dan Hawkins reported that the necessary crossings have been installed to allow the paving of 2550 Road from R road south to Q50. A new line can now be constructed along that road without disturbing the road surface. He said negotiations continue with Rita Trninich to obtain a right of way to build a future new line. Robert MacFarlane has granted an easement for 1/4 mile of line on the east side of 2550 Rd.

Holvoet line: Hawkins reported that this new 4-inch line, extending south from the Grange Hall corner (2800 and O Rd) on Redlands Mesa is complete and in service.

Dick Whitton Letter: Hawkins gave the Board a letter from Dick and Sandra Whitton regarding their proposed development of the Stemple Subdivision. They have decided to drop the idea for the time being. Hawkins proposed to the Board that the Association go ahead and construct a four-inch line along the west side of the Tom Cooper subdivision to interconnect the Q Road line with a four-inch line 1/4 mile to the north. This would improve domestic service on the east end of Q road.

MOVED BY Donna Ferganchick,

SECOND BY Herman Kline to build 1/4 mile of four-inch pipe to interconnect Q Road with the four-inch line to the north.

MOTION CARRIED with no opposing votes.

Engineer's Report

Leroy Black, president of Ute Engineering, reported on a trip to Denver and his work so far on two projects:

Denver Trip: Dan Hawkins, Dayton Myers, and Chuck Moore accompanied Leroy Black on a visit to the new Westminster water treatment plant. The plant uses membrane filtration, supplied by Pall Corporation. Mr. Black said he was impressed by the small size of building required to treat a large volume of water. The Westminster plant treats 12 MGD (million gallons per day). He said the membrane technology is probably the best way to meet current and future regulations on the removal of turbidity and microorganisms. The process is automated, requiring very little operator time. The plant operation can also be monitored remotely via telephone or radio link.

Cedar Mesa Tank: Mr. Black presented a drawing of an underground storage facility constructed of concrete pipe on the BLM site at the top of Cedar Mesa. He said he favors the idea because of reduced long term maintenance compared to a steel tank, and because the storage can be constructed in increments as needed, rather than building excess storage which won't be used soon. He said the underground storage is more expensive initially, but is probably cheaper over time. He said the design will dissipate less chlorine from the water than an open above-ground tank.

It was the general consensus of the Board to modify the application for a BLM easement to include the new design for underground tanks.

Treatment Plant: Mr. Black said the plant site has been surveyed, and preliminary work done on the feasibility of getting raw water to the site. He said the first site identified as a possible intake on Surface Creek appears to be too low in elevation to flow water to the plant unless the plant site is low on the property.

He said a second intake site is being studied which is high enough to provide raw water under pressure. He said this is beneficial, because it will reduce pumping costs in the plant. Mr. Black said a third option is to pump directly from the creek at about the Lone Pine Ditch diversion. He said Dan Hawkins had discouraged him from following that line of thought.

Mr. Black said the drawback to the higher intake site on Surface Creek is that it crosses property owned by Jeff Houghton. Mr. Houghton has indicated that he is basically willing to grant easement, but it is pretty obvious that some form of compensation will be expected.

Jerry Figueroa asked if any Board Members would be willing to visit with Mr. Houghton and negotiate an easement agreement. Herman Kline and John Hawkins agreed to help. Dan Hawkins said he would get an estimate of the savings to the Association by using the higher intake, as well as the additional construction cost.

Town of Cedaredge

The Board discussed a letter from Maria Forster, and the reply from Dan Hawkins. It was obvious that no progress is being made in getting the Town to acknowledge problems with treatment plant operation.

Dan Hawkins said the Town Trustee Bruce Bertram had come to the office to visit about a proposed Town ordinance intended to protect the watershed. Along with the ordinance is a memorandum of understanding with the U.S. Forest Service, which would allow the Town to be a party to the USFS review process concerning any activity in the Forest which might impact the watershed.

Meeting adjourned at 9:30 p.m.

Respectfully Submitted: Dan A. Hawkins
Dan A. Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
September 9, 2002

President Jerry Figueroa called the meeting to order at 7:45 p.m. Board members present were Kelly Peterson, Jerry Figueroa, John Hawkins, Ellis Fritchman and Herman Kline. Also present were Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY John Hawkins

SECONDED BY Herman Kline to accept the August 12, 2002 Minutes as mailed to the Board members.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins noted an error in the date of the Financial Report. The title should read "August 2002 Cash Flow Report." The balance brought forward should read "July 31, 2002 Balance."

The interest for the Surface Creek Bank savings account was not posted in August. It will be reported on the September Cash Flow report.

MOVED BY John Hawkins

SECONDED BY Jerry Figueroa to accept the Cash Flow Report as corrected.

MOTION CARRIED with no opposing votes.

End of Month Report / System Usage Report (see Notes)

Dan Hawkins reviewed the End of Month Report and System Usage Report. He said the Association has about 55% of its stored water still available. He presented a graph to the Board portraying the relative usage of USCDWUA and the Town of Cedaredge. USCDWUA has used an average of 26% of the water treated this summer.

Hawkins also presented a graph of chlorine concentration in the water as measured daily at Association headquarters. He pointed out the extreme fluctuation, and said he could not account for the reason. He said the chlorination equipment at the treatment plant is capable of maintaining a steady chlorine residual if properly operated.

John Hawkins asked if there is expected to be sufficient water over the winter to allow for livestock watering, which will be heavier than usual because of the lack of irrigation water. Dan Hawkins said that, after November 1, all of the natural flow in Surface Creek will be available for domestic use, and there should be enough water for stock.

Construction Report/Maintenance Report

Rita Trninich: Dan Hawkins said Ms. Trninich has purchased a water tap and asked for

installation along the west side of 2550 Road south of her house. She also signed an easement for a water line across her property on the west side of 2550 Rd. Since the existing line is in the middle of 2550 Road at the point of the tap, and since the road is going to be paved soon, Hawkins decided to build a section of new main line on the Trinich easement, and connect the tap to it. About 800 feet of 6" pipeline was installed.

Hawkins reported that an easement has also been obtained from Robert Macfarlane on the east side of 2550 Road for a new main line to replace the existing line that will be paved over. All road crossings are in place to allow complete replacement of the 2550 Road line from R Road south to Q50 Road.

Q Rd interconnect: Hawkins said the tees and valves have been installed on the pipelines at Q Road and the 4" line at the north side of Tom Cooper's property. The interconnecting pipeline has yet to be installed

Marianne McPherson: A 2-inch main pipeline was extended 400 feet to serve the Top Of The Mesa subdivision. As a part of the subdivision improvement, the meter serving the house at the former packing shed (now a box factory) was moved to be with the meters for the other two lots. It was formerly on a neighbor's property to the north.

Leaks: A 1¼-inch plastic pipeline serving Lee Armitage and Marsha Bryan off 2425 Road leaked at a glue joint. This was the third glue joint to fail in that line over the past two years.

In the process of installing the tee in the 4" line on Tom Cooper's property, four leaks were discovered. They were all in glue joints, which has been a problem in that pipeline since it was installed. The leaks have been fixed. Jerry Figueroa asked if the Association has a lot of glued pipe in service. Hawkins said it is never used any more, except in small diameters when necessary. Most pipe uses slip joints with o-ring type gaskets.

Hawkins said a contractor for TDS Telecom broke a two-inch line connected to the Lone Pine line on 2550 Road. The line serves Bradshaw. USCDWUA was unable to locate the line, but guessed at the location, and instructed the contractor where to bore to try and avoid the line. The guess was wrong. The contractor is in the process of making about 20 bores, many of which are near USCDWUA lines.

Subdivision Report

McAlpine Minor - P-37 Lane and 2600 Road: Raymond McAlpine owns one tap, and will require two more. The taps will be connected to the 4-inch line on the east side of 2600 Road. A fire hydrant has also been suggested at the subdivision. Hawkins said he sees no problem serving the taps.

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to authorize two taps for the McAlpine Subdivision.

MOTION CARRIED with no opposing votes.

Mike Mason Minor: Two new lots are proposed, leaving one large parcel which contains the Mason home. The lots would be served by the four-inch line which extends east from the intersection of P Road and 2600 Road on Cedar Mesa. There is already a fire hydrant there.

MOVED BY John Hawkins
SECONDED BY Kelly Peterson to authorize two taps for the Mason Subdivision.
MOTION CARRIED with no opposing votes.

Cash Flow Projection

Dan Hawkins presented the Board a projection of revenues and expenditures for the remainder of the fiscal year. If no new projects are undertaken, the Association will finish the year with about \$139,000 in cash. He mentioned several possible projects that could be undertaken this year, including some more automatic flush stations, a chlorine booster station on Redlands Mosa, and replacement of the Q50 Road pipeline from 2500 to 2550 Roads. The general consensus of the Board was that, in view of expected expenses associated with the plan to build a treatment plant, the cash should be retained.

Treatment Plant Site

There was discussion of the easement across Jeff Houghton which will be required for a raw water line to the treatment plant. Leroy Black is surveying a proposed route, which will be presented to Houghton. Dan Hawkins said the Houghton route could save the Association as much as \$5,000 per year in pumping costs. After much discussion, it was generally agreed that a price up to \$10,000 for the easement would be reasonable, and that a one-time payment was preferable to a lease.

Property Closing

Dan Hawkins said the Boundary Adjustment which will allow the sale of the Fred Houghton property has not been signed by the County Commissioners. The closing date, according to our purchase agreement, is not supposed to be later than October 1.

Other

Dan Hawkins reported that the Behrman Minor Subdivision on 2425 Road has become contentious. The lots were sold before water taps were installed. The contractor for the installation was supposed to be Art Behrman. Hawkins said the new owners complained several times that their water taps were not installed. Hawkins said he finally decided to hire a contractor to do the work, because it appeared Mr. Behrman was not going to get around to it, and was not qualified to dig up the paved road and repair it. The cost, paid by USCDWUA was \$1263. It was suggested by various Board members that a bill be sent to Behrman and the two new lot owners, and that Delta County be notified of the situation.

Meeting adjourned 9:50 p.m.

Respectfully Submitted 
Dan A. Hawkins
Secretary - Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
October 14, 2002

President Jerry Figueroa called the meeting to order at 7:35 p.m. Board members present were John Hawkins, Bryan Klaseen, Ellis Fritchman, Jerry Figueroa, Herman Kline, Donna Ferganchick and Kelly Peterson. Also present were Mel and Marylyn Anderson, Dan Hawkins, and Helen Hawkins.

Minutes

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the September 9, 2002 minutes as mailed to the board members.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins pointed out that the reserve accounts are down due to purchase of land on 2500 Road.

Helen Hawkins pointed out the bank service charges which have appeared since interest rates are low. The checking account is free only if the average balance is high enough for the earned interest to offset charges for checks that are deposited from other banks.

MOVED BY Bryan Klaseen

SECONDED BY Donna Ferganchick to accept the September Cash Flow Report as presented

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins said his calculation show that at least 40% of stored water will remain on November 1, when the irrigation season ends. After that, the natural flow in Surface Creek should be enough to satisfy the Association's water demands. Hawkins gave the Board copies of a water audit for the summer, showing unaccounted-for loss of under 3% for September. Hawkins said the figure seems unrealistically low. John Hawkins agreed, saying the industry norm is about 15%.

Anderson Tap Request

Dan Hawkins reviewed a letter from Mel and Marylyn Anderson, who request that the Association buy back a second water tap which they purchased in 1995. The tap was issued to cover the motor home of Mr. Anderson's brother, who was living on their property. The brother is now deceased, and the Andersons state they cannot use the extra tap because of the size of their lot (2½ acres). The Andersons ask the original purchase price of \$6,000 for the tap.

Dan Hawkins said the tap was never installed, that the water was run through the existing meter. He said the Andersons were made aware of the bylaws prohibiting the removal of a tap from the property for which it was designated. He said he felt the circumstances were unusual enough to warrant Board consideration. Hawkins pointed out that the Andersons own property on Redlands Mesa where the tap could be installed, but that would require the Association to take over ownership and maintenance of the pump which serves Ray Boyle, and would serve the Anderson property also. Those properties lie at an elevation higher than the upper Redlands tank.

Mr. Anderson said he knows the property adjoining them on the east, owned by Paul Marconette, is for sale. It does not have a water tap, and will probably need one in order to sell. He suggested that, if the Association cannot buy back the tap, that it be transferred to the Marconette parcel.

Jerry Figueroa told the Andersons the Board would consider the matter and notify them of the decision the next day. Mr. and Mrs. Anderson left the meeting.

Discussion quickly ruled out buying the tap back. It also became apparent that it would not be advantageous to transfer the tap to the Redlands property, as that would give the Association the added liability of the Boyle pump station. It was

MOVED BY Kelly Peterson

SECONDED BY John Hawkins to allow Mel and Marilyn Anderson to sell their extra tap, with the approval of the board, to someone in the vicinity of their installed tap.

MOTION CARRIED with no opposing votes

Construction Report/Maintenance Report

Redlands Grange valve house: Dan Hawkins reported that the valve house at the intersection of 2900 and O Road, the "Grange" valve house, had been completely replaced. The old piping through the vault was 1½ inch, the new piping is 4 inch.

Lone Pine valve houses: Hawkins said these have been known as the upper and lower "Hanta" houses, due the rodent infestation. He said new plumbing and new insulated, rat-proof lids are being installed.

Lampton line cut: Hawkins reported that a contractor for TDS Telecom broke a plastic line serving R. D. and Leonard Lampton on Cedar Mesa. The line was cut at its connection to the main line on R Road. The line could not be accurately located because it was PVC. Hawkins said he considered the break an accident.

Subdivision Report

Ward - "Dry Creek Meadows": Dan Hawkins said two notifications have been received of subdivisions at the intersection of Q Rd. and 2725 Rd. near Dry Creek. The first referred to a five-lot major subdivision, the second to a two-lot family split. Presently, the two-lot split is under consideration. A small parcel on the ridge west of 2725 Rd. will be split off and will require a water tap. Hawkins said a neighbor, Mel Ludlam, has agreed to grant easement for a water line to come from the two-inch regulated line which serves him and James Pollock.

Hawkins said the major subdivision is also likely to happen in the future. Plans will need to be made to serve a fire hydrant and the additional lots from a regulated source, avoiding a direct tap into the high pressure Redlands supply line which passes through the property. Hawkins said it will be quite expensive to build a regulator station to handle the 400 pounds per square inch pressure that is on the Redlands line.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to sell one tap for the Ward - "Dry Creek Meadows" subdivision

MOTION CARRIED with no opposing votes.

Behrman Minor: Dan Hawkins said a bill for excavation and installation of two meters was sent to Arthur Behrman and to the new owners of the subdivision lots. The bill is unpaid. Behrman has said the bill is the responsibility of the lot owners. Delta County seems to confirm that. Hawkins said he has told Behrman the fire hydrant will not be installed until the bill for tap installations has been paid.

Red Wing Minor - Herman Oswald: The proposed three-lot subdivision is immediately east of the (Tom Cooper) Ute Hills Minor along Q Road. Dan Hawkins said that the four-inch line which is coincidentally being installed through the Ute Hills subdivision in order to connect the 2½-inch Q Road line with a four-inch main will allow a fire hydrant to be installed to benefit both Ute Hills and Red Wing. Hawkins recommended that Herman Oswald be required to upgrade about 530 feet of the 2½-inch Q Road line to four-inch in order to accommodate the fire hydrant at a spot near both subdivisions.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to sell two taps for the Red Wing Minor Subdivision provided that Herman Oswald will upgrade part of the Q Road line. MOTION CARRIED with no opposing votes.

Treatment Plant Site

Dan Hawkins said the Fred Houghton property was purchased by the Association on October 3. He reviewed the letter from engineer Leroy Black, giving the opinion that the site would be suitable for a treatment plant site.

There was discussion of how to handle the vacant house on the property. Hawkins said the water is still on, with the heat in the house set at 50 degrees. It was generally agreed that it would be preferable to rent the house, rather than let it sit vacant. A rent of \$500-\$600 was mentioned as acceptable. Hawkins said Joe Gorrod has expressed interest in renting the house. Jerry Figueroa suggested getting the plumbing and wiring inspected before renting the house to head off any potential problems.

Town of Cedaredge

Source water protection ordinance: Bruce Bertram arrived at the meeting to explain the issue. Mr. Bertram explained that he is a Town of Cedaredge Trustee, and also works as the Solid Waste Coordinator for Delta County. He said new regulations have made it possible and mandatory that municipalities and other government water providers enact ordinances to protect drinking water supplies from contamination or other damage. He said that, since the Town watershed is on U.S. Forest Service land, a memorandum of understanding is being negotiated with the USFS to allow the Town to participate in all review processes involving activities on the Forest lands. He also said the wording of the proposed Town ordinance is expected to include water owned by Upper Surface Creek Domestic Water Users.

Some Board members expressed concern that the ordinance could add another layer of bureaucracy which could encumber water projects on the Forest, such as dam rehabilitation. Mr. Bertram explained that the Town would not have permitting power on the Forest Service land, but would be an insider to the review process.

Time Change

The board agreed to meet at 6:30 p.m. after daylight savings time expires.

Meeting adjourned 10:20 p.m.

Respectfully Submitted



Dan A. Hawkins

Secretary - Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
November 13, 2002

President Jerry Figueroa called the meeting to order at 6:35 p.m. Board members present were Herman Kline, John Hawkins, Donna Ferganchick, Jerry Figueroa, Ellis Fritchman, Kelly Peterson, Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins, and Dayton Myers.

Minutes

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to accept the October 14, 2002 minutes as delivered to the board.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins said the major feature of the report was the purchase of property on 2500 Drive for a proposed filter plant. The price paid was \$165,000 plus some closing costs. A loan for \$82,500 was obtained from the First State Bank in Hotchkiss. The balance was paid from the reserve savings account in Commercial Federal Bank in Delta.

Hawkins said some repairs were made to the pump house on the property to, including installation of an electric meter to monitor power use and share expense with Fred Houghton. He said that so far, no one has expressed interest in renting the house.

Herman Kline asked about the high amount for vehicle repairs. Hawkins stated that it was for tires on the 1991 Ford Ranger.

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the Cash Flow Report as Presented

MOTION CARRIED with no opposing votes

End of Month Report

Dan Hawkins presented the EOM report. There are presently 837 shares of stock. The budget projection for new membership sales in 2002 was 22. It appears that the projection will be met exactly. He said the system is currently using water at a very low rate, about 100 gallons per minute average. He said 45% of the Association's stored water remained on Grand Mesa.

Town of Cedaredge

Dan Hawkins gave the Board a draft letter for the Town of Cedaredge proposing dissolution of the partnership. He said the content of the letter was arrived at after consulting with attorney Aaron Clay, and that Mr. Clay was expected to arrive at the meeting soon. The letter calls for the USCDWUA interest in the common system to be frozen at 20% of the existing system on December 31, 2002. USCDWUA would purchase water treatment from the Town until the new treatment plant is completed. Negotiations would commence to determine an equitable buyout by the Town of the USCDWUA interest in the common system.

Bryan Klaseen asked if the Association will lose its right to spring water. Dan Hawkins said the right in the #1 decree (Alfalfa Ditch) will remain, but our point of diversion will be changed from the springs to a creek intake.

John Hawkins asked why it is proposed to retain the Association's interest in the diversion vault. Dan Hawkins said the existing tank control mechanism in the vault would still be needed to keep the Milk Creek tank full, unless a new vault were to be constructed. Also, the vault would be an ideal interconnect point between the USCDWUA and Town systems in case of emergency. Under normal use, the two systems would be isolated by a valve.

Jerry Figueroa asked if it is known how much money it will cost to replace the raw water collection system and upgrade the current treatment plant. Dan Hawkins said the engineering study by Buckhorn Geotech suggested improvements that could cost up to \$3 million, but he does not know if the Town intends to begin any work soon. Ellis Fritchman observed that the cost of our own treatment plant will probably not exceed the cost of participating in necessary upgrades with the Town.

There was discussion of the proposed watershed protection ordinance drafted by the Town. Several board members said they think it is overly restrictive, requiring a permit for almost all activities contemplated in the watershed area. It has not yet been finalized and adopted by the Town.

Aaron Clay arrived at the meeting. He said that in his judgement, the Association and the Town should dissolve their partnership. He asked the Board if that is their consensus, and received an affirmative response. He went over the draft letter, explaining that it is designed to start the dissolution as soon as possible, rather than wait for prolonged negotiations to run their course. He said it is important that the Association doesn't rely on an assumed buyout from the Town to finance the treatment plant. He also said he does not recommend setting a deadline for a buyout, but continue to negotiate until a favorable settlement is achieved, or it is decided to apply to a court for a judgement of partition.

After extensive discussion, it was

MOVED BY John Hawkins

SECONDED BY Kelly Peterson to send the letter of dissolution to the Town of Ccdarcdge with an additional phrase stating that shareholder approval will be sought at the Annual Meeting.

MOTION CARRIED with no opposing votes.

Construction Report/Maintenance Report

Dan Hawkins reported on the following items:

Q Road Interconnect: A four-inch line has been completed between the Q Road 2-½ inch and the four-inch line behind the Tom Cooper subdivision. The construction cost was very low, about \$2 per foot. The line has made an obvious difference in the flow along Q Rd.

Nichols Tap Leak: At the Don Nichols tap on 2425 Rd., a rusted ¼ inch galvanized line required cutting the pavement to repair. The line was totally corroded, springing new leaks wherever it was touched. New copper was run from the main line to the meter.

2425 Road - 3" line leak: Another glue joint failure on the line between T road and T50 Road. Ways were discussed to reduce the pressure on the line to possibly prevent future leaks.

Preliminary budget proposals

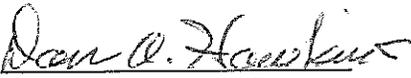
Dan Hawkins presented an itemized estimate of cost to build a treatment plant. He said the estimate was developed in house, and is not an engineer's estimate. The figure was roughly \$1 million. He said that he has inquired about funding from the USDA Rural Development program, and the Department of Local Affairs (DOLA). A DOLA grant cannot be obtained without sponsorship of a governmental entity. Hawkins said he has talked to County Commissioner Wayne Wolf about helping with a DOLA application, but has not received a firm commitment. He said he has requested an application packet from the USDA Rural Development program, which could award a grant/loan of up to 40% grant, 60% loan at 4.63% interest.

Hawkins presented three budget scenarios, all of which assume the treatment plant will be built in 2003, using USDA grant/loan package, with interest starting January 1. One of the budgets assumes no increase in monthly minimum rate or tap price. The second budget assumes an increase in monthly tap fees to \$25, and the current tap price. The third budget assumes the \$25 monthly rate plus an increase in tap price to \$8,000.

After lengthy discussion, it was decided to split the construction into two years, since it would probably be impossible to do in one year. It was the general feeling of the board that rates ought to stay the same for the first year, then evaluate the need for an increase the following year, depending on financing and cost factors.

There was discussion of the Annual Meeting December 10. It was decided, because of the lengthy discussion anticipated, to begin the meeting at 7:00 p.m. instead of the usual 7:30. Jerry Figueroa suggested we have some information about membrane filtration on hand to show the members. Dan Hawkins said the representatives of Pall Corporation have offered to help in any way they can. He also said Leroy Black and Aaron Clay have agreed to attend the meeting.

Meeting adjourned 9:20 p.m.

Respectfully Submitted 
Dan A. Hawkins
Secretary - Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
December 4, 2002

Executive Meeting was held at 6:00 p.m.

Those present were Jerry Figueroa, John, Hawkins, Bryan Klaseen, Ellis Fritchman, Kelly Peterson and Donna Ferganchick. Herman Kline was absent.

Regular Meeting:

Those present at the beginning of the meeting were John, Hawkins, Bryan Klaseen, Ellis Fritchman, Kelly Peterson and Donna Ferganchick. Herman Kline was absent. Jerry Figueroa left the meeting. Also present were Dayton Myers, Dan Hawkins, Helen Hawkins and Willy Groome.

As neither the president nor vice-president was in attendance, it was

MOVED BY Donna Ferganchick

SECONDED BY Bryan Klaseen to appoint John Hawkins as chairman.

MOTION CARRIED with no opposing votes.

Minutes

Dan Hawkins read the minutes of the November 13, 2002 Board Meeting.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to accept the minutes of the November 13, 2002 Board Meeting as read.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins reviewed the November 2002 Cash Flow report. Donna Ferganchick noted an expenditure for a certification seminar, and asked about Chuck Moore's certification. Dan Hawkins said Chuck is certified as a class 1 distribution system operator and class D water plant operator.

MOVED BY Donna Ferganchick

SECONDED BY Bryan Klaseen to accept the November 2002 Cash Flow Report

MOTION CARRIED with no opposing votes.

The Fiscal Year Cash Flow Report was presented. Dan Hawkins said it is subject to change, as some information is not available yet.

End of Month Report

Dan Hawkins presented the End of Month Report. He said that three water taps had been

shut off for nonpayment. Two of them remain off, and nothing has been heard from the owners yet.

Town of Cedaredge

Possible courses of negotiation with the Town were discussed. Dan Hawkins presented an accounting of all cash paid into the common system by the Association. He said he arrived at a present dollar value of these payments by applying an inflation calculator. The payments were then devalued by estimating the remaining value to the system. With that method, he had arrived at a present value of somewhat more than \$400 thousand. He estimated the replacement value of the Association share in the common system at about \$600 thousand.

Donna Feganchick asked if a market value could be established. Hawkins said that would have to be done by an industrial appraiser if the Town and USCDWUA could not agree on a value.

New Treatment Plant

Dan Hawkins reported that a budgetary proposal was received from Zenon Environmental Corp. for a membrane filtration system. The price was \$750 thousand. He said the Zenon system requires large open tanks in which the membrane elements are submerged. The tanks are not included in the price quoted. Hawkins said he had studied the results of a pilot test of Zenon and Pall at the town of Lyons, Colorado. Lyons selected a Pall plant, for a variety of reasons. Hawkins said he thinks Zenon would be most suited for retrofitting existing sand filters, where tanks are already installed.

Hawkins said representatives from Pall are planning to attend the Annual meeting to answer questions from members, and to make a short presentation of their product, using slides.

Willy Groome of Redlands Mesa addressed the Board with a number of questions and concerns about the plans to build a new treatment plant. He was especially concerned about the effects of Coal Bed Methane drilling in the watershed. He asked if baseline water quality data is known. Hawkins said the Association is collecting water quality data now, as required by the permitting process at the State Health Department.

After a lengthy exchange discussion, Mr. Groome said he was satisfied with the Board's proposal and left the meeting.

Jerry Figueroa returned to the meeting at this point.

Jeff Houghton

Landowner Jeff Houghton had written to the Association offering a 50-year leased easement for the proposed raw water line to cross his property. He asked for several forms of compensation, amounting to more than \$200 thousand for the life of the lease. The Board reviewed the letter and agreed that the terms were exorbitant and could not be accepted. Dan Hawkins said he has discussed condemnation with Aaron Clay, and Clay had advised making a counter offer of about \$5,000 because that is about the amount he expects condemnation would cost.

Kelly Peterson noted that taps were being requested by Jeff Houghton as part of the compensation. During discussion, it became apparent that the Board did not favor granting taps

that far uphill from the treatment plant due to pumping requirements, and the need to run a separate long pipeline to provide water.

MOVED BY Bryan Klaseen
SECONDED BY John Hawkins to offer \$5000 to Jeff Houghton for an easement.
MOTION CARRIED with no opposing votes.

2003 Budget

Dan Hawkins presented a budget for 2003. After discussion, it was

MOVED BY Donna Ferganchick
SECONDED BY Bryan Klaseen accept the 2003 budget as prepared, and to present it for adoption by the shareholders at the annual meeting.
MOTION CARRIED with no opposing votes.

Annual Meeting

The Annual Stockholders Meeting was discussed. It was decided to place discussion of the new treatment plant and separation from Cedaredge under "New Business." Dan Hawkins said the stockholders will need to pass a resolution authorizing to Board to seek federal assistance if they approve of plans to go ahead with a plant.

Hawkins said Aaron Clay and Leroy Black both plan to attend the annual meeting. It was determined that John Hawkins, Jerry Figueroa, and Herman Kline are the directors whose terms expire this year. None of them expressed a desire to leave the Board.

House on 2500 Road Property

Dan Hawkins and Dayton Myers commented on the condition of the house on the treatment plant property. They agreed that the building is in need of quite a bit of work before it could be rented. Myers suggested it might be better to dismantle it and use the materials for other construction.

Meeting adjourned 9:45 p.m.

Respectfully Submitted *Dan A. Hawkins*
Dan A. Hawkins
Secretary - Treasurer

Upper Surface Creek Domestic
Water Users Association
Minutes of Organizational Meeting
Board of Directors
December 10, 2002

Jerry Figueroa called the meeting to order at 10:30 pm. immediately following the Annual Stockholders Meeting in the Cedaredge Community Center. All directors and Secretary Dan Hawkins were present Mr Figueroa said the purpose of the meeting was to elect a President and Vice President and to appoint a Secretary-Treasurer.

MOVED BY Bryan Klaseen
SECONDED BY Donna Ferganchick to reinstate Jerry Figueroa as President and Herman Kline as Vice President.
MOTION CARRIED with no opposing votes.

MOVED BY Bryan Klaseen
SECONDED BY Kelly Peterson to appoint Dan Hawkins as Secretary-Treasurer.
MOTION CARRIED with no opposing votes.

Dan Hawkins asked if the pipe should be ordered for the raw water and finished water lines at the treatment plant. He said all pipe vendors have advised of a significant increase in price by the first of the year.

MOVED BY Bryan Klaseen
SECONDED BY Donna Ferganchick to order pipe for the filter plant project.
MOTION CARRIED with no opposing votes.

Meeting adjourned at 10:40 pm.

Respectfully Submitted, 
Dan A. Hawkins
Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
Board of Directors Meeting
January 13, 2003

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were Jerry Figueroa, Herman Kline, John Hawkins, Donna Ferganchick, Ellis Fritchman and Kelly Peterson. Also present were Dan Hawkins, Helen Hawkins, Dayton Myers, Rick Silverberg, and Ken Myers.

Minutes

MOVED BY Herman Kline

SECONDED BY Donna Ferganchick to accept the December 4, 2002 Board Meeting as mailed.

MOTION CARRIED with no opposing votes.

MOVED BY Donna Ferganchick

SECONDED BY Herman Kline to accept the December 10, 2002 Organization Meeting as mailed.

MOTION CARRIED with no opposing votes.

Financial Report

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to accept the December 2002 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins gave the End of Month Report. No new taps were sold in December. The monthly gallons used were 4.4 million. Hawkins said that is the lowest amount recorded in recent years.

Jerry Figueroa asked Rick Silverberg if he had business to bring before the meeting. Mr. Silverberg answered that he was there to observe.

Subdivision Report

Mesa Vista - Ken Myers 2390 T Lane

The owner, Ken Myers presented his plan to split off two lots along 2375 Road north of T Lane. The remaining lot, which contains the Myers' home, already has a tap. Mr. Myers pointed out that he already granted a pipeline easement to the Association running from the present end of the 4-inch main line at his driveway, west to 2375 Road, then north to the end of his property. He asked if the Association is willing to participate in building a new line within that easement to serve the subdivision.

During discussion, it was brought out that a line from T Lane to T50 Road would benefit

the system by creating a grid, and would enable several potential new taps. Dan Hawkins said about 1200 feet of new line would need to be constructed.

MOVED BY Donna Ferganchick

SECONDED BY John Hawkins to sell two water taps to Ken Myers to be purchased in six months or when upon final subdivision approval, whichever comes first. USCDWUA will furnish the materials and supervise the construction of a pipeline from his driveway west to 2375 Road, then north at least 500 feet. Mr. Myers will furnish the excavation. MOTION CARRIED with no opposing votes.

Larry Wright - West of Hwy 65

Dan Hawkins reported on a request from Larry Wright and Barbara Ball of Delta County planning to provide up to four taps for a proposed subdivision on the west side of Highway 65, bordering the north side of the State Highway maintenance shop. Hawkins said since that was considered to be Orchard City territory, he had obtained a letter from Dave Smith, Orchard City Water Supervisor, stating that there is no objection to the Association selling taps there.

During discussion, it was brought out that there is a 3-inch main water line along the east edge of the property, with plenty of capacity, since the only tap on it now is the State Shop. A line would need to be extended into the property to serve four taps.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to sell 4 taps to Larry Wright, to be purchased within six months or by final approval of the subdivision, provided that the developer installs a water system inside the subdivision to USCDWUA requirements. MOTION CARRIED with no opposing votes.

Water Treatment Plant

Land swap proposal

Dan Hawkins reported that an offer was made by Mike Laurita to provide some land south of the Fred Houghton property for an alternate treatment plant site. Dayton Myers explained the details of the swap, using a map board. Also involved is a trade with Fred Houghton, to give him back some of the property purchased from him last year in exchange for about seven acres that could also be used for treatment facilities or pipeline.

Hawkins gave the Board an analysis of the comparative costs of staying with the present plant site, or moving it to the Laurita site. It appears that the elevation is suitable, and that less pipe will be needed overall. The raw water route does not cross Jeff Houghton, which should ease right of way issues. Hawkins also gave the Board a letter from Leroy Black of Ute Engineering expressing his analysis of the advantages and disadvantages of the alternate site. On the whole, it appears the new site is superior in most respects.

The new site would require an easement from Herman McDonald to accommodate access, utilities, and the finished water pipeline. Hawkins said he has been advised by Delta County Planning that the exchange can be accomplished through boundary adjustments, avoiding the need for a subdivision process.

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to pursue the three-party land swap with Mike Laurita and Fred Houghton.

MOTION CARRIED no opposing votes.

Engineering

Dan Hawkins asked if the Board is satisfied with the work from Ute Engineering. He said he and Dayton would like to continue to work with Leroy Black on the project, if there is no objection. No objections were presented by the Board.

Point of diversion change

Dan Hawkins said Aaron Clay is unable to assist in the application for an alternate point of diversion for the Alfalfa Ditch shares. He recommended Jim Brown, but Mr. Brown declined, saying his long history with the Town of Cedaredge would likely create a conflict for him. Aaron Clay then recommended Mark Hermundstad, with the Grand Junction firm of Williams, Turner and Holmes. Mr. Hermundstad has agreed to do the work. He estimated it will cost in the neighborhood of \$2,000 and take at least six months to get approval.

MOVED BY Donna Ferganchick

SECONDED BY John Hawkins to hire Attorney Mark Hermundstad to apply for the point of diversion change.

MOTION CARRIED with no opposing votes.

Other

Painted Sky

Dan Hawkins attended a board meeting of the Painted Sky organization, which operates under USDA. Its purpose is to assist organizations in obtaining funding for projects such as the new treatment plant. Hawkins said he was disappointed with the meeting, because the Painted Sky board seemed to be placing Coalby and USCDWUA together, rather than considering their separate applications. The feeling seemed to be that a central water authority ought to be formed for the area, incorporating all the domestic water needs. Hawkins said he is not sure how much assistance is going to be received, if any.

Coalby

Dan Hawkins said Orchard City has rejected a contract with Coalby to supply them with domestic water. Coalby is now considering filtration. Hawkins said he and Dayton Myers are invited to a Coalby meeting tomorrow night. He asked if the Board objected to Dan and Dayton attending and speaking at the meeting. No objections were presented.

Change Meeting dates

The board meeting for February will be held on Wednesday February 12, 2002. The board meeting for March will be held on Wednesday March 12, 2002. These changes are due to

conflicts on Monday nights.

Company Dinner

The company dinner will be held Wednesday January 22, 2002 at the Divot.

Treatment Plant Building

Dayton Myers has been researching building possibilities, and has determined that a block building can be built for nearly the same cost as a steel building. He said that for security, a block building is better, and there will not be the corrosion problems noticed in the two existing steel treatment plant building. He said the preliminary plan is for a building of about 2500 square feet.

Meeting adjourned at 9:30 p m

Respectfully Submitted Dan A. Hawkins
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
February 12, 2003

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were: John Hawkins, Jerry Figueroa, Bryan Klaseen, Ellis Fritchman, Donna Ferganchick and Kelly Peterson. Herman Kline was absent. Also present were: Dan Hawkins, Helen Hawkins and Dayton Myers Jr.

Minutes

MOVED BY Donna Ferganchick.

SECONDED BY Ellis Fritchman to accept the January 13, 2003 minutes as delivered to the board.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins pointed out the pipe purchase for the raw water and finished water for the new filter plant.

Helen Hawkins pointed out a \$ 2.00 error on the December 2003 Cash Flow Report. The Interest on the Reserve Accounts should have been \$ 108.31 leaving a balance of \$ 104,885.68 at the end of the month rather than \$ 104,887.68.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to accept the January Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported that no taps were sold in January, although one was sold since the end of the month. Total system use for January was 4.5 million gallons.

Subdivision Report

Curtis McCrackin - 2600 Road, between Q 25 and R Roads.

Dan Hawkins said he was approached by Mr. McCrackin concerning taps and pipeline construction for 94 acres at the southeast corner of 2600 and R Roads. Hawkins said he has received no formal notification of a subdivision from Delta County.

Mr. McCrackin proposes four lots, all more or less equal in size. He presented a sketch with three alternative proposals to get water to the subdivision:

1. Connect to the six-inch Redlands supply line on the east side of the parcel to be subdivided. This would require a connection on property owned by Schindelar, where there is no road access.
2. Connect to the 2½ inch galvanized line on the south side of R Road at a point east of the intersection, and run a line southward through the interior of the subdivision.
3. Connect to the six-inch Redlands supply line on the north side of R Road at the

intersection with 2600, and run a line down the east side of 2600 Road

Donna Ferganchick asked if the Peebler house was part of the subdivision. Hawkins said it was previously divided off from the larger parcel, and is not involved. She said the four lots will make it a major subdivision by County standards.

Ellis Fritchman asked if a fire hydrant will be required. Hawkins said it surely will be, for a major subdivision. He said a pressure regulating station will also be required somewhere along 2600 Road because the pressure is approaching 200 psi. in the six-inch line there.

John Hawkins said that because a main line is definitely needed along 2600 Road, that should be the preferred route, and the Association should consider participating in its construction, for example supplying materials.

After further discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY Donna Ferganchick to approve option three - construction of a new line down 2600 Road. The Association will wait for more information for before deciding on USCDWUA's participation in the project, and before committing taps.

MOTION CARRIED with no opposing votes.

Yvon Gros:

Dan Hawkins reported a request from Mr. Gros, who is the owner of Leroux Creek Inn, located on 3100 Road off Redlands Mesa. Mr. Gros owns property off Redlands approximately south of Kuntz ranch and Klaseen dairy. He asked for four taps, which would be connected to the main line at the corner of 2800 Road and M50 Road. Individual lines would then be run together off Redlands to serve the property. Easement would need to be obtained from Kuntz ranch in order to run the pipelines. Mr. Gros said he has not approached Kuntz about it.

Discussion centered on the advisability of the Association accepting new service territory off Redlands, since previous such requests have been denied. Ellis Fritchman said the Board would probably not have approved the tap for Hotchkiss Ranch on Shamrock Mesa, except that a home was already there, and the property extended onto Redlands.

Several Board members expressed opposition to the idea of several individual lines, saying that if the Association is ever going to serve that area, it should be done with a main line extension, as part of an overall plant to serve the 3100 Road area also.

John Hawkins said he believes a satellite filter plant will eventually be needed on Redlands Mesa, obtaining water from Leroux Creek. This would relieve the chronic problem of high pressure in the Redlands supply line, and enable expansion of the system off Redlands. Several members agreed with this possibility, but said it is several years into the future.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to deny taps for Yvon Gros at this time. The Association will wait until proper planning can be carried out to serve the area.

MOTION CARRIED with no opposing votes.

Ramon Jacquez International Land Traders - Harts Basin Ranch

Dan Hawkins reported on a phone conversation with Mr. Jacquez, of Brighton, Colorado. He represents a development company interested in subdividing Harts Basin Ranch, and obtaining domestic water from the Association. He offered to provide raw water, and said he understands that significant upgrades to the USCDWUA would need to be paid for by the developer. He asked Hawkins for an estimate of how many taps could be served in the area, assuming water and money were provided by the developer.

Jerry Figueroa said he believes there are good water rights that could be a benefit to the Association. He recommended researching the water availability, and estimating the cost of improvements, and to tell Mr. Jacquez that we are interested.

John Hawkins said that, at minimum, he can see that the project would require a tank on the south edge of Cedar Mesa, a distribution line from the tank to the subdivision, an extension of the six-inch line from Sorrento Heights, and completion of the new Cedar Mesa tank and line upgrades to cover the eastern half of Cedar Mesa.

It was generally agreed to have Dan Hawkins write to Mr. Jacquez, outlining the requirements to proceed with such a development and find out what raw water might be made available.

Water Treatment Plant

Land swap progress

Dan Hawkins said that Fred Houghton has agreed to a land trade which will give him approximately five acres and buildings, and give USCDWUA approximately 7 acres, which could be used for pipeline route, and/or filter plant site.

Mike Laurita wishes to trade approximately 7 acres and an easement for the raw water line and creek site for all the remaining USCDWUA property, approximately 16 acres. Hawkins said this demand was unexpected, and had stalled negotiations, since he did not favor that arrangement.

Hawkins said he had confirmed with Leroy Black that the plant could be located on the parcel obtained from Houghton if agreement cannot be reached with Laurita. That would still require a pipeline and intake easement from Laurita, which is unavoidable in any scenario.

The Board encouraged further talk with Laurita, including inviting him to attend a meeting if it would help.

Filtration equipment:

Dan Hawkins said a quotation has been requested for membrane filtration equipment from Memcor, a division of U.S. Filter Corp. He said a quotation was received from Zenon for an immersed membrane design for \$750 thousand. Pall's quote is \$500 thousand. Hawkins said he and Dayton Myers prefer the Pall design so far, but they would like to hear from Memcor to be sure all available information is obtained.

Funding

Dan Hawkins said an application for grant has been submitted to the Colorado River District. The maximum the agency can contribute is \$15,000.

Hawkins said Rick Isom of Painted Sky RC&D had put him in touch with Jay Mashburn

of the Rural Community Assistance Corp. Mr. Mashburn has agreed to meet with the Board and discuss funding opportunities. A special meeting was set for February 20 at 6:30 p.m.

Resolution for BLM easement:

A resolution is required to accompany an application for BLM pipeline easement. Resolution number 03-01 was presented to the Board.

MOVED BY Donna Ferganchick

SECONDED BY Bryan Klaseen to adopt resolution 03-01 authorizing application for a BLM easement.

MOTION CARRIED with no opposing votes

Town of Cedaredge

The Board reviewed a letter received from Cedaredge Mayor Bill Miller which acknowledged receipt of the Association's request to negotiate a transfer of the USCDWUA interest in the common system to the Town. Dan Hawkins said he has had no other communication on the matter with the Town.

Other

Leroy Black of Ute Engineering has presented the Association with a proposal for engineering services on the treatment plant project. He proposes to contract the whole project for \$100,000. The Board decided to study the contract and make a decision by next meeting. It was suggested that all work done to date be included in the contract amount. Dan Hawkins said he will talk to Mr. Black about this.

Dan Hawkins and Dayton Myers will be attending the Colorado Rural Water Convention in Colorado Springs Tuesday and Wednesday February 18th and 19th. Topics of interest will be "New Regulations" and "Funding For Small Companies."

Meeting Adjourned at 9:30 p.m.

Respectfully Submitted, Dan R. Hawkins
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Special Meeting
February 20, 2003

Jerry Figueroa called the meeting to order at 6:35 p.m. at Association headquarters. Board members present were John Hawkins, Jerry Figueroa, Bryan Klaseen, Ellis Fritchman, Donna Ferganchick, Kelly Peterson and Herman Kline. Also present were Dan Hawkins, Helen Hawkins, and Jay Mashburn.

Dan Hawkins reported on the Colorado Rural Water Conference in Colorado Springs. He said a lot of information was gained at the conference, including a seminar on funding for small water systems, and classes on new and pending regulations.

Jay Mashburn was introduced. He explained that he represents Rural Community Assistance Corporation, which is a regional division of the national organization called Rural Community Assistance Program. The program is a non-profit entity funded by the U. S. Department of Agriculture. He said one mission of RCAC is to help rural communities cope with the effects of new regulations concerning drinking water, which are typically amended every three years.

Mr. Mashburn said the fact that USCDWUA is separating from a municipality is often seen as a barrier to obtaining governmental funding. But, he said that the USCDWUA program makes sense to him, and that a clearly written presentation will probably help convince funding agencies, who often encourage consolidation rather than separation. He said it is important to apply to all potential funding agencies, because you never know where or when a grant may become available.

There was general discussion with questions and answers between the Board and Mr. Mashburn.

Dan Hawkins asked if the Board was ready to act on the Ute Engineering contract. It was decided to table it until the next regular Board Meeting to allow more study.

A reminder was given that the March meeting is Wednesday the 12th, in order to clear some conflicts with Monday.

Meeting adjourned at 8:30 p.m.

Respectfully submitted, Dan H. Hawkins
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 12, 2003

Jerry Figueroa called the meeting to order at 6:35 p.m. Board members present were: Jerry Figueroa, John Hawkins, Kelly Peterson, Donna Ferganchick, Herman Kline, Bryan Klaseen and Ellis Fritchman. Also present were Dan and Helen Hawkins.

Minutes

MOVED BY John Hawkins

SECONDED BY Donna Ferganchick to accept the February 12, 2003 and the February 20, 2003 special meeting as mailed to the board members

MOTION CARRIED with no opposing votes.

Financial Report

MOVED BY Donna Ferganchick

SECONDED BY Kelly Peterson to accept the February 2003 Cash Flow Report

MOTION CARRIED with no opposing votes

End of Month Report

Dan Hawkins noted that one new tap was purchased in February. This was the first tap purchased in the fiscal year.

Foreclosure Procedures

Dan Hawkins reported that the property of Paul Raby had been foreclosed, and resold. The new owner has been unable to get the real estate agent or title company to follow through on getting the tap transferred. He said the main thing missing is a Lost Document Bond to cover the missing Raby stock certificate. The water is turned on at the house, and the new owner is living there, paying the bill, and is unhappy that the stock is not in his name.

Hawkins said in the future he would like to follow a policy of locking off the meter at any property known to be in foreclosure, and not providing water until the transfer requirements have been met. He said banks and other agencies involved in foreclosures do not understand or wish to comply with the Association's transfer procedures.

Hawkins said the property of Stanley Varner is now in foreclosure. He said Aaron Clay had advised that there would be no legal problem with leaving the water off until the transfer is done. After discussion, the board concurred.

Subdivision Report

David Strait/Terry Sharp - Sharp Family Minor subdivision- 1811 2425 Drive: This is a two lot subdivision of a six acre parcel. The property is served by one tap in the name of Ron Adamson/Terry Sharp. The property is on the west side of 2425 Drive, the main water line is on

the east side. Dan Hawkins said the second tap can be served from the same line crossing the road and serving the existing tap.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to grant a tap for David Strait/Terry Sharpe with the stipulation that it be purchased within six months or when the subdivision is approved.

MOTION CARRIED with no opposing votes.

Water Treatment Plant

Specific Development Approval process : The first public meeting for the County approval process was March 5, before the Surface Creek Area Planning Committee. Dan Hawkins said the committee recommended approval of the application. Nobody at the meeting expressed any opposition to the plant. The next meeting is before the Delta County Planning Commission on March 27.

Memcor presentation: Dan Hawkins said that a written proposal was received for a membrane water treatment plant by Memcor, a division of U.S. Filter. The amount of the proposal was \$618,000. A written proposal was also received from Zenon, which uses an immersed membrane system, at a price of \$750,000. The amount of the Pall proposal is \$500,000.

Hawkins said the Zenon system would be unable to take advantage of elevation of the creek intake, and would require constant pumping for that reason, and the higher cost, the system is not being seriously considered. He said he and Dayton Myers are reviewing the Memcor proposal, along with Leroy Black. He said a visit is planned to a Memcor plant in Carbondale, Colorado.

Fresno pressure filters : Hawkins said that a pre-filtering system is being considered to protect the membranes from heavy contaminant loading, and prolong their service life. He said a system known as the Fresno Pressure Filter, made for irrigation systems, is available from Grand Junction Pipe. A system sized to match our treatment plant would cost about \$10,000.

Land swap progress: Fred Houghton and Mike Laurita have agreed to the following land exchange:

- Houghton receives approximately five acres from USCDWUA, including buildings and utilities.
- USCDWUA receives approximately 7.5 acres from Houghton with creek frontage.
- USCDWUA receives approximately 7 acres from Laurita, plus an easement for raw water pipeline and creek intake.
- Laurita receives approximately 7 acres from USCDWUA, and agrees to purchase the remainder of the original USCDWUA parcel, equaling 10 acres more or less, at a price of \$3,500 per acre.

The Board was presented with a map of the new land configuration. At that point, Leroy Black arrived at the meeting and joined the discussion. He said the new site allows a more desirable raw water pipeline route, because it is shorter and can stay on grade.

Jerry Figueroa pointed out that it is not an even trade, financially, but it serves the purpose of the Association. John Hawkins asked if the First State Bank of Hotchkiss is willing to release the property under mortgage and transfer it to the remaining 14½ acres. Dan Hawkins

said the Bank has indicated it is willing.

There was discussion of allowing access to Laurita along the raw pipeline route. It was recommended that access be restricted to the Laurita family, and not transferred to any new owners, for security reasons.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen to go ahead with the plan stipulating that the easement would be restricted to the Laurita family.

MOTION CARRIED with no opposing votes.

Leroy Black - Engineering Contract: Leroy Black answered questions from the Board concerning his proposed contract for services. He said he agrees to incorporate work done to date in the contract, which will effectively reduce its face price to about \$93,500.

MOVED BY Donna Ferganchick

SECONDED BY John Hawkins to accept Leroy Black's proposal.

MOTION CARRIED with no opposing votes.

There was discussion of the time line to be followed in the treatment plant project. Leroy said he could have a preliminary design by June. He said the most important construction phase to accomplish this year is the raw water diversion structure, and the road into it.

Daylight Savings.

It was decided to change the time of the board meeting to 7:30 in May, and leave the April 14 meeting at 6:30.

Meeting adjourned 9:30 p.m.

Respectfully Submitted Dan A. Hawkins
Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 14, 2003

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were: Herman Kline, Jerry Figueroa, John Hawkins, Ellis Fritchman, Kelly Peterson and Bryan Klaseen. Donna Ferganchick was not present, having submitted a letter of resignation because she is moving out of the area. Also present were Dan and Helen Hawkins.

Minutes

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the March 12, 2003 minutes as mailed to the board members.
MOTION CARRIED with no opposing votes.

Financial Report

Helen Hawkins pointed out a correction of \$ 31.28 in interest not recorded in last month's financial report.

Dan reported that the Association is still protesting part of the water treatment charges billed by the Town of Cedaredge. The bill received this month included electrical work done at the town's sewer system that was charged to water treatment. The Association did not pay those charges.

MOVED BY Kelly Peterson
SECONDED BY Ellis Fritchman to accept the March 2003 Financial Report
MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported that of the \$6,952.84 past due, \$3,300 is for taps that have been turned off.

Hawkins reported that meter reading for the season began March 18. Spring flushing was completed before then, to allow users to do any private line flushing necessary without incurring a large meter reading. Hawkins estimated about 288,000 gallons were used in flushing. He said there is now a formal written flushing plan in place, designed to progressively clean the system from the top down.

Delta County Permit Process

Dan Hawkins reported the hearing before the Delta County Commissioners concerning the boundary adjustment application by USCDWUA/Houghton/Laurita is now scheduled for April 28. At the same session, the Commissioners will decide on the Specific Development application for the USCDWUA treatment plant. Hawkins said the County planning staff has assured him that both applications are certain to pass, as there have been no objections heard from anybody on either issue.

Land Swap

Dan Hawkins said the land exchange agreements between USCDWUA and Fred Houghton

III, and USCDWUA and Michael Laurita are finished, and waiting for survey plats before signing. Laurita has agreed to a 100-foot wide easement for the raw water line and creek intake structures. The easement is described as exclusive to USCDWUA, allowing the Association to decide who else is allowed use of it. An access easement is also reserved across parcels to be owned by Houghton and Laurita, for the Lone Pine Ditch and for USCDWUA.

Board Vacancy

The Board was informed in writing that Donna Ferganchick has resigned her position as director representing Cedar Mesa. She is selling her house on Cedar Mesa and moving to the Delta area. The board discussed possible replacements: Robert Tramp, Michael Warner and Ken Macki were discussed. Jerry Figueroa said that he would talk to Robert Tramp about the position. Mr. Tramp was a candidate for the position in 2000, and received the next largest share of votes behind Donna Ferganchick when she was elected.

Daylight Savings

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to change the time of the board meetings to 7:30 p.m.

MOTION CARRIED with no opposing votes.

Other

Dan Hawkins reported on discussions with Larry Tremayne and neighbors living in an area about ¼ mile north of S25 road and ¾ mile east of 2425 Road. Tremayne and one other tap are served by a two-inch line extending north from the 1¼-inch line on S25. During periods of heavy use by S25 Road residents, these taps experience low pressure or complete loss of water.

Several hundred feet away, to the east, is a four-inch pipeline connected to the six-inch Hoot Owl Valley line. Larry Tremayne proposes to extend that pipeline to his tap and the neighboring tap. This will correct the low pressure problem, and allow for a fire hydrant, which Tremayne and neighbors propose to purchase. He has offered to construct the line extension if USCDWUA will provide the materials. Hawkins said the materials are in stock, requiring no cash outlay. Another part of this project is moving a meter on the Roger Gagnon property along S25 road to a point ¼ mile north, connecting it to the new four-inch line. This is at the request of Tom and Valerie Cialkowski, who have purchased the Gagnon property

MOVED BY Kelly Peterson

SECONDED BY John Hawkins to supply the materials for the project as Dan Hawkins described the project.

MOTION CARRIED with no opposing votes.

Meeting adjourned 8:15 P.M.

Respectfully Submitted Dan A. Hawkins
Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
Special Board Meeting April 23, 2003

Jerry Figueroa called the meeting to order at 7:15. Board members present were John Hawkins, Jerry Figueroa, Ellis Fritchman, Bryan Klaseen, Kelly Peterson and Herman Kline. Also present were Dan Hawkins, Helen Hawkins and Dayton Myers.

Boil Order

Dan Hawkins reported the chronology of events leading to a State mandated boil order. He said that in the week of April 14, chlorine residuals were observed to be falling throughout the system. The Town of Cedaredge was notified, and Gary Noah confirmed that chlorine was low, and more was being added. On April 17, Dan Hawkins again called Gary Noah to inquire about low residuals. Mr. Noah acknowledged that residuals were still low, and said the Town operators were dosing heavily at the treatment plant.

On the evening of Friday April 18, Dayton Myers, using an instrument recently purchased by USCDWUA to measure turbidity in Surface Creek, collected a turbidity sample at the diversion vault on the common line. The reading was over 3 NTU. The maximum turbidity allowed to leave the treatment plant, by State law, is 0.5 NTU. Myers called Dan Hawkins, and together they collected a sample leaving the treatment plant at 9:00 p.m. The reading was 3.6 NTU.

The next morning, Saturday April 19, Hawkins and Myers checked the calibration of the new turbidimeter. They then took a water sample to the Orchard City treatment plant to check against the turbidimeter there. They confirmed that their measurement was correct.

Dan Hawkins called Gary Noah to inform him of the problem before noon April 19. Later that afternoon, Mr. Noah confirmed that the turbidity did not meet state standards and asked to meet Hawkins at the USCDWUA office. At the meeting they agreed on the wording of a public notice to advise boiling of drinking water. The notice was provided to news media outlets, and was broadcast on local TV by 5:00 p.m.

Sunday afternoon April 20, USCDWUA staff prepared a notice for mailing. Monday morning, Cedaredge and Hotchkiss post offices agreed to distribute the notices immediately, instead of sending them to Grand Junction for cancellation. All local users received them Monday.

Monday April 21, both the Town of Cedaredge and USCDWUA informed Mike Havens, Colorado Department of Health, of the situation. By that afternoon, a fax was sent from the Denver office of Colorado Department of Health, placing the Town and USCDWUA on a boil-water order. The duration of the order is 30 days unless lifted earlier by the State. The procedures to allow lifting of the boil order are to flush the entire distribution system, including tanks, with highly chlorinated water. Samples are to be taken throughout the system to confirm the strong chlorine has made it to all ends of all pipes. Then the chlorine is lowered to a normal level, and samples are again taken to confirm that chlorine residuals are normal in all parts of the system. Results of all samples are submitted to the State, and if acceptable, the boil order may be lifted.

Hawkins said there is not enough raw water available right now to permit extensive flushing to force the high chlorine through the system. He said the main tank at Milk Creek was taken off line, drained and cleaned. This allows the high chlorine to get into the system directly, without dilution in the tank. The tank will remain off line until it is time to return to normal operations.

Hawkins said that the Town operators are blaming faulty turbidimeters for the problem. He said Jim Hoffbauer told Gary Noah that USCDWUA operators Hawkins and Myers had sabotaged the treatment plant. This allegation was repeated to Mike Havens of the State Health Department. Hawkins said he has notified Aaron Clay of the allegation.

Hawkins said it is uncertain how much longer the boil order will be in effect. After the chlorination program, the State must be satisfied that the treatment plant is being operated correctly, and producing legally acceptable water.

There was lengthy discussion by the Board. It was stressed by several directors to keep careful records of USCDWUA actions and stay in touch with the State Health Department. It was suggested to invite Mike Havens to a meeting with the Board, and to convene a special meeting if necessary to meet his schedule.

Alfalfa Ditch Offer

Dan Hawkins reported on a meeting April 21 with David Smith and Gary Tharp of Orchard City. Mr. Smith is Water Supervisor, and Mr. Tharp is a Trustee. They are interested in exchanging 20 shares of Alfalfa Ditch owned by Orchard City for 16 shares of Surface Creek Ditch and Reservoir owned by USCDWUA. Orchard City proposes to trade for this year, effective immediately, and investigate making the trade permanent.

Hawkins presented the Board with a prepared summary of the yield of Alfalfa Ditch vs. Surface Creek Ditch and Reservoir over the past three years. It showed that Alfalfa Ditch provides more water during the critical period of May 1 - October 31 than the Surface Creek Ditch and Reservoir. The Alfalfa Ditch shares are already decreed for Domestic use.

During discussion, it was expressed by all directors that this would be a very favorable trade for USCDWUA. It was suggested that the trade be executed immediately.

MOVED BY Jerry Figueroa,

SECOND BY Ellis Fritchman to instruct the Manager to reach agreement with Orchard City on trading the Association's 16 shares of Surface Creek Ditch and Reservoir to Orchard City for 20 shares of Alfalfa Ditch, and to propose to make the trade permanent.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:30 p.m.

Respectfully Submitted



Dan A. Hawkins

Secretary - Treasurer

April 31, 2003

Upper Surface Creek Domestic Water Users Board
% Dan Hawkins

Dear Dan and Board;

With this notice please accept my resignation form the board of the USCDWUA.

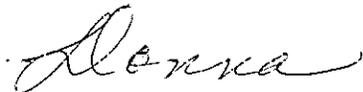
I have sold my house and the closing will be April 21, 2003. I have purchased a home on California Mesa in the Delta area at the request of my children. I will be near them and my grandchildren and as I age(ha) they wanted me close by.

I wish to thank all of you from the bottom of my heart for your total acceptance of me and it has been a privilege to serve with you this past three years. Coming to the meetings and working with you has been one of the good things that have happened to me in the past few years. It has meant a lot.

I really regret that I will not be able to see the new project to completion, but I know you all will handle yourself admirably and get it done appropriately.

I will not be attending the April meeting. I really want this letter to be my goodbye for now. I wish you all well in the future.

Thank You,



Donna Ferganchick

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 12, 2003

Jerry Figucroa called the special board meeting to order at 7:05. Those present were John Hawkins, Jerry Figueroa, Ellis Fritchman, Bryan Klaseen and Herman Kline. Also present were Robert Tramp, Dayton Myers, Dan Hawkins and Helen Hawkins.

Jerry introduced Bob Tramp to the board. He said Mr. Tramp was the runner up at the December 2000 Annual Stockholders Meeting when Donna Ferganchick was elected to the Board replacing Wayne McPherson. He has recently retired from a career in public service. He has a degree in human resource management and extensive experience in creating budgets and in grant writing.

Bob Tramp explained that at this time he has some family commitments that may require him to be out of the state from time to time. If that doesn't create a problem, he would be willing to serve as a board member. He said his main area of interest and experience is budgeting and finance.

MOVED BY Bryan Klaseen
SECONDED BY Ellis Fritchman to appoint Robert Tramp as board member to replace Donna Ferganchick.
MOTION CARRIED with no opposing votes.

Dan suggested that we give something to Donna for her service. Herman said that the Association should invite her to the next Christmas dinner. Jerry suggested awarding her a plaque.

Jerry Figueroa called the regular board meeting to order at 7:30 p.m. All those present for the special meeting remained.

Minutes

MOVED BY Herman Kline
SECONDED BY Bryan Klaseen to accept the April 14, 2003 and April 23, 2003 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins presented the Cash Flow Report. Two taps were sold to Raymond McAlpine. Herman asked about the Water Tests. Dayton explained that the VOC tests were required as part of the application to build a new treatment plant. Dan said that this is a one time battery of tests to get State approval for the new treatment plant. Dan pointed out the expenditure for portable water analysis equipment. It will be used in the new treatment plant and become a permanent part of the plant equipment.

Hawkins said most of the May vehicle cost was for tires.

MOVED BY Ellis Fritchman
SECONDED BY Herman Kline to accept the April 2003 Cash Flow Report.
MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins presented the End of Month Report. Dan pointed out the difference between the master meter reading and the usage. The difference in part is due to the amount of flushing that took place in April to comply with provisions of the boil order..

Boil Order

Jerry Figueroa introduced Mike Havens, District Engineer Colorado Department of Health. Attorney Aaron Clay also arrived at the meeting at this time.

Mr. Havens gave a summary of his involvement with the treatment plant during the preceding weeks, and the steps that have been taken toward lifting the boil order. He said the Operator in Responsible Charge is now Mike Kishbaugh, an operator for Project 7, who is working as a contractor on an interim basis. A permanent operator, Randy Bodwell, is being hired by the Town to take over in approximately one month. Jim Iloffbauer is no longer in charge, but is still employed by the Town.

Mr. Havens answered many questions from the Board concerning the boil order and the operation of the plant. He made it clear that he does not want to be involved in the political dispute between the two entities. He said that "heavy pressure" was being applied to the Town to correct deficiencies in operation of the plant. He said fines are not being considered at this time, providing corrective efforts continue.

After Mike Havens left the meeting, discussion centered on the large bill that is likely to be coming from the Town and how to respond to it. Aaron Clay said it is important to clarify whether equipment replacements that are taking place at the plant are normal maintenance or capital improvements. He also said the current state of our agreement needs to be clarified. If capital improvements are charged to USCDWUA, will they be paid back when USCDWUA sells its interest to the Town? He said the intent has been to establish the value of the USCDWUA interest as of December 31, 2002.

Land Swap

Aaron Clay delivered, at the meeting the latest draft of deeds for the trading of property with Fred Houghton and Mike Laurita. Dan Hawkins said the County Commissioners have approved the boundary adjustment, but there is still fine-tuning of the documents within the Planning Department. A closing is scheduled for May 15.

Bryan Klascen asked how many acres the Association ends up with. Hawkins said 14.9 acres. He said Mike Laurita will pay approximately \$31,000 for the original USCDWUA parcel, to cover the acreage not involved in the trade.

Treatment Plant

Dan Hawkins said the County Commissioners have approved the Specific Development Application.

Hawkins said that, after researching and visiting several membrane treatment plants, he and Dayton Myers have concluded that Pall offers the most suitable plant for the needs of USCDWUA. He said engineer Leroy Black concurs. In order to allow engineering design of the plant to begin, we need Pall drawings and technical information. This will require an order with down payment. He said Pall has agreed to a down payment price of \$25,000, which is 5% of the quoted price of the plant.

MOVED BY Bryan Klaseen

SECONDED BY Robert Tramp to place an order for a Pall membrane filtration system at the quoted price of \$500,000, and to make an initial payment of \$25,000.

MOTION CARRIED with no opposing votes

Hawkins presented the board with a cash flow forecast for the remainder of the fiscal year. There was discussion whether to pay off the mortgage to First State Bank of Hotchkiss. The bank will require a minimum payment of \$25,000 to transfer the mortgage to the parcel USCDWUA will retain after the land swap. It was decided to pay just the \$25,000 now, and wait to see how the year progresses.

Construction Report

Ken Myers Line: A four-inch line approximately 1200 feet in length on T Lane and 2375 Road. Richard Belden is doing the excavation and installation, USCDWUA is providing the material, per an agreement with Myers previous approved by the Board.

Tremayne Line: A four-inch line to improve pressure to three taps north of S25 Road. A fire hydrant is also being installed, paid for by Tremayne and neighbors. Work is expected to start this week.

Other

Dan Hawkins reported that an agreement was signed between USCDWUA and Orchard City to exchange 20 shares of Alfalfa Ditch for 16 shares of Surface Creek Ditch and Reservoir. Hawkins said Orchard City Water Supervisor Dave Smith would like to wait a while before attempting to make the trade permanent, which will require action by their Board of Trustees.

Hawkins said the Alfalfa Ditch water is not benefitting the Association now because we are not using enough water, and the excess is going down the creek. He suggested that an exchange be worked out with Ellis Fritchman, who has traditionally used the water, so that both parties might benefit.

Ellis said that, in the past, he has used the Alfalfa Ditch shares during spring runoff, and provided reservoir water to Orchard City later in the year in trade. He said he would like to reach a similar agreement with USCDWUA.

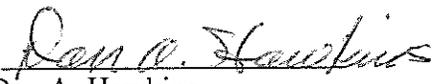
MOVED BY Jenny Figueroa

SECONDED BY Bryan Klaseen to approve the water swap between Ellis Fritchman and USCDWUA. The details to be worked out between Ellis Fritchman and Dan Hawkins

MOTION CARRIED with no opposing votes. Ellis Fritchman abstained.

Meeting adjourned 10:10 p.m.

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 9, 2003

Jerry Figueroa called the meeting to order ~~and~~ 7:37 p.m. Board members present were John Hawkins, Herman Kline, Jerry Figueroa, Kelly Peterson, Bryan Klaseen and Ellis Fritchman. Also present were: Dan Hawkins, Helen Hawkins and Dayton Myers Jr.

Minutes

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the May 12, 2003 Minutes as mailed to the board.

MOTION CARRIED with no opposing votes.

Financial Report

Helen Hawkins gave the board a revised Cash Flow Report. The Cash Flow Report that was mailed to the board did not reflect bank charges and interest.

Dan Hawkins pointed out receipt of \$31,811.67 from sale of land to Mike Laurita. This was the balance of the parcel that was partially traded to Laurita for the new treatment plant site. Hawkins said the major expenditure on assets was the down payment on the Pall Membrane Filters (\$25,000). A payment of \$25,000 was made to the First State Bank of Hotchkiss as a principal payment

Dan discussed the ongoing problem with the Arthur Behrman subdivision. Delta County is asking for a fire hydrant to be installed, but Hawkins said he is dragging his feet on that, since USCDWUA has yet to be reimbursed for the meter installations by either Vorhees or Hoerr, the owners of the two new lots. Hoerr has agreed to pay for the installation in installments of \$100 per month.

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the revised Cash Flow Report

MOTION CARRIED with no opposing votes.

End of Month Report/System Usage Report

Dan Hawkins pointed out that there was one new tap and a lot of transfer activity. He also pointed out the two million gallons of water measured through the master meter, but not registered by individual meters. Hawkins said this is excessive, and he cannot account for it. There was some flushing done in May, and the upper tank on Redlands Mesa spilled quite a bit of water, but Hawkins said there may be an undiscovered leak on the system.

Town of Cedaredge

Jerry and Herman's meeting with Water Committee: Jerry Figueroa reported on a meeting with the Mayor, Water Committee, and administrative staff. A newspaper reporter was also there. Figueroa said he had been asked not to invite Dan Hawkins to the meeting.

The meeting was mainly a report of activities at the treatment plant following the boil order. Gary Noah described the replacement of a good deal of equipment. Herman Kline said the report was technical, and there was little opportunity to question or critique without a USCDWUA operator present. It was estimated that more than \$20,000 in equipment purchases have been made so far.

Figueroa said Gary Noah is taking the position that the new treatment plant was improperly designed, and that the equipment was defective from the beginning, or installed incorrectly.

Ellis Fritchman asked who designed the treatment plant. Dan Hawkins said it was Ute Engineering, and equipment was supplied by Filter Tech. He said all equipment was installed in accordance with Filter Tech drawings and instructions, under the supervision of their representatives. He said plant startup was done by Filter Tech, and no malfunctions occurred. He said the plant operated quite well, and he and Dayton Myers had no reason to believe that serious design or equipment deficiencies existed.

Dan Hawkins said he has been trying to contact Deb McCoy, the owner of Filter Tech. She is presently engaged at the treatment plant, being paid by Cedaredge, and does not wish to discuss matters just now. Hawkins says he hopes to get a candid opinion from her, but that may be difficult because of her business interest.

Letter from Town detailing emergency repairs: Dayton Myers went through the list of equipment replacements described in a letter from Maria Forster received June 5. He said he did not think any of the actions taken were necessary on an emergency basis to get out of the boil order. He said the boil order was lifted one day after Jim Hoffbauer was removed as Operator in Charge, and before any equipment replacement was done. The plant was producing legally acceptable water at that time.

Myers said there seems to be implications in the letter that USCDWUA was responsible for much of what Gary Noah thinks is wrong with the treatment plant. Myers said he does not believe equipment malfunction was to blame for the boil order, it was operator negligence.

Dan's meeting with Maria Forster: Dan Hawkins reported that Mayor Bill Miller requested that he meet with Town Administrator Maria Forster and Finance Manager Gary Simpson. The purpose was to discuss why USCDWUA has been paying a portion of the treatment bills under protest each month.

Hawkins said Ms. Forster expressed surprise that he was not at the meeting attended by Herman and Jerry. She said she had expected him to be there.

Hawkins said there was a brief discussion of the payments under protest. He reiterated the reason, as expressed in previous letters, that USCDWUA does not have confidence in the operation and administration of the water treatment plant. He said USCDWUA objects to paying high wages and benefits without any input, and objects to the general lack of diligence on the part of the plant operator and public works director.

Gary Simpson asked why USCDWUA does not convene a board of arbitration to settle the protested bill. Hawkins said the Town has equal right to call for arbitration if they think it is appropriate.

Hawkins says he expects to receive a large bill for water treatment for the month of May, incorporating all the expenditures for equipment and labor as described in the June 5 Town letter.

He said he thinks it is necessary to seek legal counsel to avoid paying the charges he feels are unfair because the Town has not followed the operating agreement.

There was considerable discussion whether to seek legal representation from an attorney other than Aaron Clay. The thought was expressed, that due to his involvement in many water issues, and ties to the community, he might be reluctant to pursue the litigation that is likely to result if USCDWUA refuses to pay a Town bill.

Several Board Members spoke in favor of seeking out-of-town representation. Others felt Aaron Clay should be consulted before deciding.

MOVED BY Jerry Figueroa

SECONDED BY Ellis Fritchman to set up a meeting with Aaron Clay and the Board to discuss potential litigation with the Town of Cedaredge.

MOTION CARRIED with no opposing votes.

New Treatment plant

Pall purchase order: Hawkins said with the help of Leroy Black he wrote a purchase order for membrane filtration equipment, at a price of \$507,500. The terms call for a \$25,000 initial payment, one-half the remainder on delivery, and the balance upon successful plant startup and beneficial use.

Brush clearing: Brush has been cleared from the plant site and raw water line route, using the USCDWUA backhoe. Ute engineering has conducted a topographic survey of the site, and has set all corner pins pertaining to the boundary adjustment.

Geotechnical analysis: Richard Ricks, of Alta Consultants, Montrose has been engaged to perform soils and slope stability analysis for the plant site and raw water pipeline where it lies on steep slopes. His estimated fee is \$2,900.

Access road construction: Mike Laurita has been hired to build the access and raw water line route across his property, starting at the Lone Pine headgate road and running northwest approximately 900 feet to the BLM line. Hawkins said he and Laurita will decide if the work was mutually satisfactory, and Laurita may be hired to proceed the rest of the way to the creek after BLM permission is obtained.

Hawkins said he recently received a letter from BLM specifying an application fee of \$1,120, which has been paid. He said the annual lease payment to BLM will probably be on the order of \$50-\$100.

Use of Alfalfa Ditch shares

Dan Hawkins said the 30 shares of Alfalfa Ditch which were obtained for this year by trading with Orchard City have been in turn traded to Ellis Fritchman. Fritchman has had the use of excess early water, and will provide reservoir water to supply USCDWUA needs later in the year. A block of Surface Creek reservoir water has been set aside for this purpose. Jim Boyd will call the water as necessary. Hawkins said he doubts that the USCDWUA reservoir water will be used much this season.

Respectfully Submitted Dan A. Hawkins
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 14, 2003

Jerry Figueroa called the meeting to order at 7:34 p.m. Board members present were Robert Tramp, John Hawkins, Herman Kline, Jerry Figueroa, Ellis Fritchman and Bryan Klaseen. Also present were Dayton Myers, Dan and Helen Hawkins.

Minutes

MOVED BY Herman Kline
SECONDED BY John Hawkins to accept the minutes as mailed to the board.
MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins explained the purchase of a diffuser and dechlorinating device. It is used when flushing a fire hydrant, to avoid property damage and neutralize chlorine if the water is going into a stream. This is required by State regulation prohibiting discharge of chlorinated water into any water administered by the State.

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the June 2003 Cash Flow Report
MOTION CARRIED with no opposing votes.

End of Month Report/System Usage Report

Dan Hawkins reported three taps were sold in June, bringing the total for the year to nine. He said it is doubtful the budgeted number of taps (23) will be realized this year judging by the present rate of sales. The system used 9.45 million gallons of water in the month.

Town of Cedaredge

Treatment billing: Dan Hawkins gave the Board a summary of the June billing for water treatment and new plant equipment. A total of \$61,548 was spent by the Town. USCDWUA was billed at a rate of 24.7% for some expenses, and at 20% for others.

Jerry Figueroa reported on a meeting with Mayor Miller, Tony Sluski, Gary Noah, and Maria Forster. John Hawkins, Herman Kline, and Dan Hawkins also attended. Jerry said the Town has not given a reason for the boil order yet, but has done wholesale replacement of equipment. He said the Town was throwing money at the problem instead of conducting a reasoned analysis.

Dan Hawkins said the boil order was lifted by the State as soon as Jim Hoffbauer was removed as plant operator. He said no equipment replacement had been done at the time the boil order was removed.

John Hawkins noted that the Mayor Miller and Gary Noah prevented any discussion of justification for the equipment replacements. He said the phrase used was, "there will be no debate."

Response Letter: The Board reviewed a suggested letter of response to the treatment bill. An amount of \$3,000 was suggested as payment, based on a reasonable estimate of what the treatment cost should be, and has been over the last 15 months. The letter was reviewed by attorney Clay. It states that USCDWUA is not responsible for expenses on the common system which were not agreed to beforehand.

MOVED BY Bryan Klaseen

SECONDED BY Robert Tramp to send the letter to Cedaredge stating that the Association does not believe that it is responsible for the excessive costs of the boil order and will pay Cedaredge \$ 3,000.00 a month for water treatment.

MOTION CARRIED with no opposing votes.

Subdivisions

Ward (Dry Creek): This is a major subdivision along Q Road and 2700 Drive in Dry Creek. Dan Hawkins said the domestic needs can be met by connecting to the 2-½ inch line, but fire protection would need to come from the 8-inch Redlands supply line.

John Hawkins said he believes we should not touch the 8-inch high pressure line. Dan Hawkins said it would require a very expensive pressure regulator station if we did.

Ellis Fritchman suggested upgrading the 2-½ inch line starting at the Vogel tap and going east to Q road, placing the fire hydrant at Q road. The developer would be responsible for the cost.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to commit four taps to the Ward Subdivision providing the developer upgrade the 2-½ inch line to obtain fire protection and a successful resolution of any other issues affecting the Association

MOTION CARRIED with no opposing votes.

Treatment Plant

BLM Progress: A field trip was taken with three BLM representatives. They requested that a certain part of the raw water pipeline have excavation spoils hauled away so as not to be dumped into Surface Creek. They also requested documentation of water depletion, and a detailed design by Leroy Black. These documents are being generated.

Environmental Assessment: Sandra Beranich, and environmental specialist from Montrose, is doing an environmental assessment for the BLM application. She expects to have it in one month, at a cost of \$2500-\$3500.

Geotechnical Report: Richard Ricks, a soils engineer from Delta, was hired to do the geotechnical study for the plant and water line. His report was favorable for construction of both the plant and the water line. The slope is stable, and will minimize the amount of excavation required. Foundations for the plant will not need to be large, due to good load bearing capacity of the soil.

Construction progress: Mike Laurita has constructed about 900 feet of the raw water pipeline route, starting from the Lone Pine Ditch access road, northeast to the BLM line.

Other

Robert Tramp has offered to help the Association search for grants and/or loans to finance the new treatment plant. The board discussed options for paying Mr. Tramp for his services. No decision was made.

Meeting adjourned 10:00 p m

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 8, 2003

Jerry Figueroa called the meeting to order at 7:35. Board members present were Jerry Figueroa, John Hawkins, Ellis Fritchman, Kelly Peterson and Bryan Klaseen. Also present were: Dan, Hawkins, Helen Hawkins, Lorraine Anderson and Jim Kidd.

Minutes

MOVED BY John Hawkins

SECONDED BY Kelly Peterson to accept the August 11, 2003 minutes.

MOTION CARRIED with no opposing votes

Financial Report

Dan Hawkins pointed out a down payment of \$3,600 to CDG Technology for a chlorine dioxide generating system for the water treatment plant. He also called attention to a tabulation of water treatment billings versus payments made. He said in July, there were upgrades made to the treatment plant which should have been billed at 20%, as equity items. Instead they were billed at 30%, as though routine maintenance. Kelly Peterson requested a correction in that the table incorrectly listed an August billing instead of July.

MOVED BY Ellis Fritchman

SECONDED BY Kelly Peterson to accept the August 2003 cash flow report as corrected.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported system usage was down considerably from the previous months. No taps were sold in August, but two have been sold thus far in September.

Lorraine Anderson Tap

The Board had received by mail a letter from Mrs. Anderson requesting that the Association buy back her water tap installed on 2475 Lane, in the Surface Creek valley. The tap serves her mobile home, which is on land owned by her son, Michael Anderson. The land and permanent home is being repossessed, but not the mobile home; that is to be removed from the property.

Mrs. Anderson said that when she purchased the tap, the property was in her name also, but she has since quit claimed her interest, and the deed is only in the name of her son and his wife. She is moving her mobile home to a site in Orchard City, and will not be able to use the USCDWUA tap.

John Hawkins asked if the mortgage company owns the tap. Mrs. Anderson said no. Bryan Klaseen asked if the tap is listed on the deed to the property. Dan Hawkins said he has not yet seen the deed. John Hawkins said that, in the past, courts have ruled that installed taps go

with the property. He said he does not want the mortgage company to come back on the Association claiming ownership of the tap, if it has been improperly removed from the property.

Jerry Figueroa suggested more research is necessary to identify any liability to the Association. Kelly Peterson asked if there is any hardship to Mrs. Anderson if the decision is delayed. Mrs. Anderson said she would like an answer as soon as possible, but one way or the other, the mobile home needs to be removed from the property by September 18th.

Jerry Figueroa told Mrs. Anderson that the Board and staff would try to learn more about the situation, and get back to her with a decision.

Jim Kidd Line

Mr. Kidd explained to the Board that he has been using a well for his home, which is on the west edge of Cedar Mesa overlooking Harts Basin, at the site of an old gravel pit. He said his well is not producing enough water, and he needs a water tap. The nearest Association line is at P75 and 2525 Roads, requiring about 4000 feet of new pipeline to reach his home. Mr. Kidd said he believes that other taps will come on the line once it is built, and he would like to be reimbursed his expense when they do.

Jerry Figueroa said the Board has consistently asked those who will benefit from a new pipeline to pay for it. He said the Association has no mechanism or policy that would allow Mr. Kidd to recoup his costs from future tap sales on the line. There was much discussion about this. It was pointed out that trying to figure a fair way to do it is nearly impossible. DMEA tried it, but is no longer doing so.

Dan Hawkins said a pressure regulating station will need to be built, otherwise the pressure will build to 230 psi near the Kidd tap. He estimated the cost of the regulator at \$3,000. He said the cost of 4-inch pipe would come to about \$3,600. The cost of excavation is unknown, but is estimated to be \$20,000. Mr. Kidd also wishes to purchase a fire hydrant, or possibly two. Hawkins said each hydrant would cost \$1,800.

Mr. Kidd left the meeting, and the discussion continued. John Hawkins said he thinks there is a good chance for future tap sales along the new line. He recommended participating in the project. Ellis Fritchman asked if the pressure regulator is going to be necessary to the system eventually, even without Mr. Kidd's tap, in order to grid back to 2550 Road. Dan Hawkins said that is correct. Ellis suggested over sizing the pipe, and paying for the regulator station. Kelly Peterson said he would rather participate in the project than to reimburse Mr. Kidd out of future tap sales.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman that the Association to provide half the cost of four-inch pipe for the project, and build the regulator station. All other costs to be borne by Mr. Kidd.

MOTION CARRIED with no opposing votes.

Subdivision

Edward Tuft

Dan Hawkins reported that this minor subdivision will require two taps, to be located on

M Road (Burritt Road) on the west end of Redlands. There is no main line on the road where the tap is needed. A line will need to be extended from the west, at John Ray Burritt's home, or from the north, at the end of Widner Airport. Since the subdivision plat shows an easement for utilities coming from the north, that route appears the most logical.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to commit two taps for the Tuft minor subdivision, specifying a new 4-inch line and easement to M Road (Burritt Road).

MOTION CARRIED with no opposing votes

Treatment Plant

Dan Hawkins reported on the following points of the new treatment plant project:

Army Corps of Engineers: Dan Hawkins reported that permission for a diversion in Surface Creek will be quite easy if a rock dam is built, but nearly impossible if a concrete dam is built. He said the local Corps office has suggested several designs that appear workable and inexpensive. A letter from the U.S. Fish and Wildlife, known as a "Section 7 Consultation," will be required. Fortunately, that is also a part of the BLM application process, so such a letter should be available soon.

Final ruling on point of diversion: Judge Steven Patrick signed the decree awarding USCDWUA a new alternate point of diversion for Alfalfa Ditch. All previous points of diversion, including the springs, are retained and are available for use, if necessary.

BLM: Theresa Pfifer of the Montrose Office says that everything is done to allow the right-of-way permit to be issued for the raw water line. She expects it to happen the week of September 15.

Delta County Board of Health: Hawkins and Dayton Myers met with Mark Kadnuck in Grand Junction to see if it is possible to get approval for phased construction, without having a complete end-to-end design. It appears this will be possible. If so, work could begin on the creek intake and raw water line without complete plans for the plant.

Part of the application to the State Department of Health is signed approval from the Delta County Board of Health. Hawkins and Myers will meet with the Board September 9th to request the signatures.

Orchard City

Alfalfa Ditch: Dan Hawkins reported he met with Dave Smith, Water Superintendent for Orchard City to discuss the future of the 20 shares of Alfalfa Ditch that USCDWUA obtained in trade this year. Although Orchard City would be interested in a long-term trade or lease, it does not appear that they are willing to sell the shares at this time.

Interconnect/treatment agreement: Dave Smith said Orchard City also wants to pursue an emergency interconnect between their system and USCDWUA. The most practical point would be at the intersection of U50 Road and Highway 65. There would need to be about one-half mile of pipeline constructed between the Orchard City line and Highway 65.

Smith also expressed interest in having USCDWUA treat water and deliver it to Orchard City. Hawkins said that to make it work, the pipe would need to be enlarged from Highway 65 to Milk Creek.

Jerry Figueroa said he had similar discussions with Gary Tharp, Orchard City Trustee. He said Orchard City is limited in how much water they can obtain from the drainage where their treatment plant is located. He said they are exploring ways to assure their future capacity.

The Board discussed these ideas, with the general consensus being that nothing should be ruled out at this point, but to continue talks with Orchard City to see if concrete proposals could be generated.

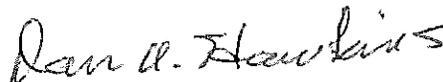
Other

Dan Hawkins said Coalby Water Company requested that USCDWUA provide a licensed operator to oversee operation of their distribution system. Hawkins said he and Dayton Myers discussed the offer, and both declined, not wishing to take time away from pursuing our treatment plant project.

Hawkins said that the employees have been dissatisfied with the IRA custodial service provided by Merl Lynch and would like to change to another custodian. The consensus of the Board was to allow the employees choose who to administer the IRA.

Meeting Adjourned: 10:16 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 13, 2003

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were Jerry Figueroa, Kelly Peterson, Herman Kline, John Hawkins, Robert Tramp and Bryan Klaseen. Also present were Dayton Myers Jr., Dan Hawkins and Helen Hawkins.

Minutes

John Hawkins pointed out a typographical error on page 2 paragraph 2. The phrase "...Mrs. Anderson of the decision..." should read "...Mrs. Anderson if the decision..."

MOVED BY Kelly Peterson

SECONDED BY Herman Kline to accept September 8, 2003 minutes as corrected.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins explained the following entries on the September Cash Flow Report:

- Cash received from Sue Voorhees - Ms. Voorhees is a lot owner in the Behrman minor subdivision. She was billed, along with Behrman and Hoerr, the other owners, for installation of taps which required machine hire (Peterson Excavating.) The charge has gone unpaid for a year or so, but Ms. Voorhees has agreed to make installment payments of \$100 per month to pay it off. Hoerr has agreed to the same arrangement. Voorhees also paid off a past due water bill of nearly \$900.
- Edward Jones transfer - The company IRA has been transferred from LPL Financial to Edward Jones. There was a transfer fee of \$30 for each employee.
- BLM Right-of-way - \$2,600 was paid to Sandra Beranich for the Environmental Assessment, \$231 was paid to BLM for rent on the easement until January 1, 2009.
- Payment to The Title Company of Delta - an error was made in disbursing too much money to USCDWUA at closing. A refund was paid to The Title Company.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to accept the September 2003 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins pointed out that only 14 new taps have been sold through September. The 2003 budget anticipated 23 taps.

Hawkins said that, due to the rented Alfalfa Ditch water from Orchard City, the Association did not draw any of its stored water this year. He said the water audit for September showed 6% water unaccounted for, which was lost to leaks or other unknown uses. A commonly accepted industry standard is 15%.

Lorraine Anderson Tap

Hawkins reported that Bank One, which has foreclosed the Michael Anderson property where the Lorraine Anderson tap is installed, is claiming both taps through foreclosure. Hawkins referred the matter to Aaron Clay, who responded in writing. Clay advised that the Lorraine Anderson tap should not be transferred until its ownership is resolved by a court order, or by voluntary assignment from Lorraine Anderson.

MOVED BY Robert Tramp

SECONDED BY Kelly Peterson to write a letter to Bank One and to Lorraine Anderson stating that the Michael Anderson tap will be transferred to Bank One, provided the proper steps are executed. The Lorraine Anderson tap will not be transferred until its legal ownership is decided by court order, or Lorraine Anderson assigns it voluntarily. MOTION CARRIED with no opposing votes.

Subdivisions

Edward S. Tuft (Redlands Mesa): The subdivision application has been withdrawn. There is presently no subdivision proposed.

Coslett Major - near Milk Creek Tank: Dan Hawkins reported that this is a re-subdivision of Lot 3 of the Harris-Adger Minor. The property lies west of the Milk Creek Tank. Part of it is above the elevation of the tank, part of it is below. Seven lots are proposed. One of the lots already has the Coslett home on it, with a tap. Water pressure at that tap is marginal.

There will not be enough pressure by gravity from the Milk Creek Tank to serve most of the lots. Hawkins recommended that a subdivision distribution line be connected to the new pressurized line from the treatment plant to the Milk Creek Tank, which is expected to be completed sometime next year. He said the line should border the subdivision access road, along the west side of the property, to provide easy access to meters.

MOVED BY John Hawkins

SECONDED BY Jerry Figueroa to approve six taps for the Coslett Major Subdivision, which cannot be served until the USCDWUA treatment plant is operational, and under the condition that the developer builds a new water line to connect with the future USCDWUA line from the new treatment plant. The subdivision distribution line is to be placed along the access road north and west of the subdivision. MOTION CARRIED with no opposing votes.

Faber Minor Ute Trails Road: This subdivision will create one additional lot on property where Ben Faber now lives, at 2393 U50 Rd. also known as 23899 Ute Trails Road. One additional tap will be required.

Dan Hawkins said the lot is long north and south, and narrow east to west. The new lot will be created at the north end. The terrain rises rapidly to the north, making it unlikely that there will be sufficient pressure at the proposed building site. The pressure is now regulated to about 80 psi at the Faber tap. This can only be increased substantially if a new regulator is installed to protect the line going south on 2375 Road, where the terrain falls away rapidly.

MOVED BY Herman Kline

SECONDED BY Kelly Paterson to approve a tap for the Faber Minor with a disclaimer on the amount pressure available.

MOTION CARRIED with no opposing votes.

Hand Minor - Rimrock Road: This is a subdivision of a 52-acre parcel, one of five parcels created by Bud Burgess along 2725 Rd, also known as Cactus Park Road. The new lot is to be created on the east end of the parcel, which will place it on the east side of Currant Creek. Dan Hawkins said that a tap located there will have to connect to a two inch line on the east side of 2700 Drive (Rimrock Road) at or near the Ralph Thompson residence.

Hawkins said the two inch line will need to be extended north about 200 feet to be available to the new lot. This will require an easement to be obtained from Steve and Eunice Ward. They have said they are agreeable.

Hawkins said Lot 1, the portion on the west side of Currant Creek, is served by a domestic well, and a water tap is not being sought at this time.

MOVED BY Bryan Klaseen

SECONDED BY Robert Tramp to Approve a tap for the Hand Minor Subdivision, contingent on the developer obtaining the necessary easement and paying for the line extension.

MOTION CARRIED with no opposing votes.

Schmittou Tap Relocate

Dan Hawkins said a new water tap was installed for Roy Abila on T50 Road about one-fourth mile east of 2425 Road. The meter was placed next to the Association main line on the south side of T50 road, and the service line was installed from the meter across the road and to the Abila house by a contractor working for Abila. James Schmittou is the owner of the property where the meter was installed, and he has written a letter objecting to the tap, and requesting that it be relocated to the north side of the road.

Hawkins said he has been unable to locate any evidence of a Delta County road easement, and is likewise uncertain of the USCDWUA easement on Shmittou's property. He recommended that the meter be moved, as it will be a minor expense and will avoid an unnecessary fight.

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to move the Abila meter to the north side of T50 Road.

MOTION CARRIED with no opposing votes.

Treatment Plant

BLM: Dan Hawkins reported that the BLM easement for raw water line and access road has been granted. A part of the BLM process was a consultation with the U.S. Fish and Wildlife Service, to determine whether USCDWUA threatens endangered species in the Colorado River. Apparently, there was no objection from the Wildlife Service, but a letter has yet to be received

to that effect. The letter will be necessary to comply with requirements of the U.S. Army Corps of Engineers, to obtain a permit to work in Surface Creek.

Corps of Engineers: An application for a permit to work in Surface Creek has been submitted. The above mentioned letter from Wildlife will be needed before a permit will be granted.

State Health Department: An application has been submitted to the State Health Department for a permit to construct the treatment plant. The application is not complete, because plans for the plant itself are not done. However, drawings are done for the intake structure, sedimentation basin, and raw water line. District Engineer Mark Kadnuck has indicated that we may proceed with work on those items.

Cash Position: Dan Hawkins presented the Board with a projected cash flow for the remainder of the fiscal year. It appears that at least \$50,000 more can be spent on the treatment plant this year without depleting cash reserves excessively.

Time Change

The Board Meetings will start at 6:30 p.m. during standard time.

Other

Jerry Figueroa commented on a letter from Forest Service Supervisor Bob Storch, in reply to a letter from USCDWUA protesting the USFS using condemnation or the permit process to obtain privately owned water for forest and wildlife management. Jerry said the USFS should hold another meeting on the topic, involving all interested water users, and with greater publicity than at the previous meeting.

Meeting Adjourned: 9:25 p.m.

Respectfully Submitted *Dan A. Hawkins*
Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 10, 2003

Jerry Figueroa called the meeting to order at 6:45 p.m. Board members present were: Jerry Figueroa, Herman Kline, Bob Tramp, Kelly Peterson, Ellis Fritchman, and John Hawkins. Also present were Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to accept the October 13, 2003 minutes as mailed to the board members.

MOTION CARRIED with no opposing votes.

Financial Report

Herman Kline asked what the expenditure for shop equipment was for. Dan Hawkins said it was for a trash pump, which is a gasoline pump that can pump water with a lot of mud and debris in it. The pump was used while building the creek intake to remove water that was seeping in from the creek.

Hawkins also pointed out that the payment of \$3,000 to the Town of Cedaredge for September water treatment was actually more than what was billed. The Town had misread the USCDWUA master meter, and only billed for 20% of the water used, instead of the more typical 30%. Hawkins said the Town bills have contained some charges that he is skeptical of, including the purchase of chlorine which apparently is being used at the sewer plant.

A statement from the Town was included with the financial report, indicating USCDWUA is in arrears by \$29,249.32 on treatment plant payments. This is due to withholding payment for plant upgrades made after the boil order, and adhering to a policy of paying a flat \$3,000 per month for water treatment expense. There was discussion about disclosing this potential liability on all financial reports.

MOVED BY Bob Tramp

SECONDED BY Ellis Fritchman to accept the November 2003 Cash Flow Report adding a footnote showing the possible liability to the Town of Cedaredge.

MOTION CARRIED with no opposing votes

End of Month Report

Two new taps were discussed. Philip "Butch" Laurita is building near 2800 and O Road on Redlands Mesa. Cedaredge Development LLC is an entity formed by Austin Kiser, and the tap is to be located in Pinyon Estates Subdivision.

Dan Hawkins said the water audit for October showed 9% of the water was unaccounted for.

Meter Relocation near James Schmittou

Dan Hawkins said the Roy Abila tap was moved, as requested by Mr. Schmittou. It was discovered that the Abila service line under T50 Road had only been installed at 24 inches deep. It was removed and replaced at 48 inches deep.

Lorraine Anderson

A letter was received from Bank One, owner of the Michael Anderson property, where the Lorraine Anderson tap is also located. The Bank is proceeding with the transfer of the Michael Anderson tap, but stated they are not interested in the Lorraine Anderson tap at this time.

There was discussion of what, if any action to take on the Lorraine Anderson tap. The consensus of the Board was to wait and see if there is an opportunity to sell the tap to a buyer of the foreclosed property, thereby leaving the tap where it is.

Kennedy Water Bill

Dan Hawkins said that Hank Kennedy owns the former Melgoza property on O Road, Redlands Mesa. The house had been damaged by a burst pipe while owned by Melgoza, then was foreclosed on, then acquired and renovated by Kennedy. In October, 205,000 gallons were used. When the meter was read, nobody was home but water was running at 10 gallons per minute, so Hawkins decided to shut off the meter, in case a pipe had burst inside the home again. Later, Hank Kennedy called to report that an outside hydrant had possibly been turned on by deer, accounting for the water use. The meter was turned back on.

Hawkins said the bill for October is over \$1,600. So far, the Kennedys have not protested the bill, but have not paid anything either. After discussion, it was decided to discuss the matter at a board meeting with Mr. Kennedy present before making any adjustment to the bill.

Subdivisions

Coslett Major: Delta County Planning reported that the subdivision is on hold. Dan Hawkins said that he had a conversation with Sheila Coslett, in which she said she did not want a major subdivision. Hawkins said he expects the plan will be modified to contain fewer lots.

Johnson Minor 2012 2375 Road: Carroll Johnson owns approximately 40 acres on 2375 Rd. Approximately ½ mile south of U50 Rd. There are presently two taps installed on the property. Johnson plans to split off two small lots, in the northwest and southwest corners of the parcel, retaining the larger acreage with his home on it. One additional tap will be required.

MOVED BY Herman Kline

SECONDED BY Bob Tramp to approve a tap for the Johnson Minor Subdivision
MOTION CARRIED with no opposing votes.

Construction Report

Kidd 4" line: Dan Hawkins said the 4-inch line extension of about 4000 feet, from Marianne McPherson's home southwest to Jim Kidd's is nearly finished. The pressure regulator station has been built. Two fire hydrants are being installed, one at Kidd's home, and the other

along the south side of McPherson's minor subdivision. Doug Carlson is the excavation contractor. The Association will pay Carlson, and then be reimbursed by Kidd, as a Member Contribution to Capital Improvements.

Spaulding Peak Treatment Plant: Dan Hawkins reported that the Army Corps of Engineers issued a written permit to build the intake structure on Surface Creek. The concrete structure is complete, but needs to be backfilled, and the creek bed reshaped somewhat in order to be ready for flood water next spring. Hawkins said Laurita's excavator broke down and is under repair now. It is unlikely that further concrete work will be done this fall.

The Board looked at preliminary drawings made by Bob Basher at Ute Engineering. He is the draftsman in charge of producing drawings for submittal to the State Health Department for approval. Hawkins said there will be at least one more consultation with Pall, via conference telephone call, before the design is final. That is expected to take place within a month.

Hawkins gave the Board a printed estimate of the treatment plant cost, showing what has been done so far. Including property purchase, about \$229,000 has been spent on the treatment plant project. It is estimated that \$1.08 million will be required to complete it.

There was discussion of funding for the plant. Hawkins said grant money is limited because USCDWUA is not a governmental body, and because it is terminating the relationship with Cedaredge. He said the requirements of a USDA Rural Development grant would increase the cost and duration of the project. He said he believes the most appropriate funding is a commercial loan. So far, no commitment has been received from any commercial lender, although several applications have been made.

Budget

The Board considered three possible budget scenarios for 2004. One increased the monthly base rate to \$26. A shortfall in operating revenue was the result. The next two increased the base rate to \$27, with the third example increasing the tap price to \$8,000.

Ellis Fritchman asked if a budget would be feasible at the present \$23 per month base rate. Dan Hawkins said he felt the deficit in operating expense would be too great. Ellis suggested that a budget be prepared at \$23 in order to illustrate that an increase is advisable. Kelly Peterson suggested providing a budget at the present monthly charge, and two other scenarios.

After further discussion, it was agreed that the manager should refine the 2004 budget for the next Board meeting, offering several scenarios for consideration.

It was decided to hold the December Board meeting Saturday December 6 at 9:00 a.m.

Meeting Adjourned: 9:45 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 6, 2003

Jerry Figueroa called the meeting to order at 9:01 a.m. Board members present were: Jerry Figueroa, Herman Kline, Bob Tramp, Kelly Peterson, Ellis Fritchman and John Hawkins. Also present were Dan Hawkins and Helen Hawkins.

Minutes

Kelly Peterson suggested two corrections to the minutes as printed and distributed to the Board prior to the meeting. Page two, paragraph one - the words "tap location" should be changed to "meter location". Also the last sentence of paragraph three on page two should end with "where it is."

MOVED BY Ellis Fritchman

SECONDED BY Bob Tramp to accept the November 10, 2003 Minutes as corrected.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins said the Kidd 4" line extension was done. The contractor was paid by USCDWUA, and Kidd was billed for Members Contribution to Capital Improvements. Kidd has paid, but not in time to be posted as a fiscal year 2003 entry.

Kelly Peterson pointed out that the heading "Cash From Operations" occurred twice on the report. The second occurrence should have read "Cash Spent on Operations."

MOVED BY Kelly Peterson

SECONDED BY Herman Kline to accept the November Cash Flow Report as corrected.

MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported no taps were sold in November. The total number of new taps sold during 2003 was 16, against a budget projection of 23.

Hawkins said it is believed there is a leak on the system of at least 10 gallons per minute, which has not been found. There was discussion of installing more master meters on main branches of the distribution system to help with trouble shooting.

Kennedy Water Bill

Mrs. Hank Kennedy arrived at the meeting. She said a yard hydrant had broken loose underground, at a location some distance from her house. The leak went undetected until USCDWUA employees notified the Kennedys of excess water use.

Dan Hawkins said the water use in October was 205,000 gallons, an average of 5 gallons per minute. The water bill was more than \$1,600. He said the house was recently purchased by

the Kennedys. The house was abandoned two years ago by the previous owner and suffered a freeze up and burst pipe, causing serious damage.

Jerry Figueroa said yard hydrants are often installed directly to plastic pipe, which is a poor method, subject to breakage. He asked how the leak was repaired. Mrs. Kennedy said the line going to the hydrant has now been completely capped off under the house. Mrs. Kennedy asked the Board to consider an adjustment to her bill, then left the meeting.

Several Board members pointed out that adjustments have been granted in the past in this sort of situation, when it was a first time occurrence. There was discussion of the amount to bill. Herman Kline suggested \$200. More discussion followed.

MOVED BY Ellis Fritchman

SECONDED BY Kelly Peterson to reduce Hank Kennedy's \$1,639.30 bill to \$ 100.00.

MOTION CARRIED with no opposing votes.

Subdivisions

Griffiths Minor 2750 and O Rd. (Redlands Mesa Road).

Dan Hawkins said he had not yet received notification of this subdivision from Delta County, but the owner, Chuck Griffiths had contacted him directly. Mr. Griffiths plans to split 60 acres into three 20-acre parcels. One parcel contains his house, served by an Association tap. The main line is on the north side of Redlands Mesa Rd., and the property is on the south side. Two additional taps will be needed, with two more road crossings or enlargement of the existing road crossing to serve two additional taps.

Hawkins said Mr. Griffiths asked for two taps to be reserved for future purchase at the current \$7,000 price. He advised Mr. Griffiths this would not be possible.

MOVED BY Kelly Peterson

SECONDED BY John Hawkins to approve two taps for the Griffiths Minor Subdivision subject to USCDWUA requirements and at the price in effect at the time of sale.

MOTION CARRIED with no opposing votes.

Coslett Minor (revised):

Dan Hawkins reported that Alex and Sheila Coslett have revised their subdivision application, changing it from seven lots to three. The property is located immediately west of the Milk Creek Tank. The Board had previously approved seven taps, conditional upon agreement with the developer on water line construction and a schedule for tap purchases. Hawkins said he advised Barbara Ball of Delta County Planning that the conditions set forth for the major subdivision would also apply to the minor - that is, pressurized taps will not be available until the new treatment plant is in service, and the developer will need to build a distribution line for the subdivision.

Jerry Figueroa spoke on the subject of water wells permitted where taps are available. He said a letter has been written to the State water officer in charge of well permits, but that no response has been received.

Dan Hawkins said the letter asked that USCDWUA be allowed to comment on permit applications within our service area. He said there have apparently been cases where applicants

claimed no public water service was available. Hawkins said that a proliferation of wells would create a significant burden on the Association, because state law holds the public supplier responsible for assuring that no illegal cross connections occur. He said the Association is required to develop a cross connection control program, which identifies and monitors all potential sources of backflow into the system.

Budget

Dan Hawkins presented the Board with a budget worksheet showing four budget scenarios for 2004. Hawkins explained that all four scenarios assumed that the water treatment plant will be completed in 2004, funded by a commercial loan of \$800,000. He said the debt service lines on the budget assumed the full amount will be borrowed by May 2004.

Budget (1) assumed that the price of a tap remained at \$7,000 and the monthly minimum charge remained at \$23. This budget showed an overall cash deficit, even if all reserves are used. Budgets (2) through (4) raised the tap price to \$8,000 and the monthly minimum to \$25, \$26, and \$27 respectively.

Hawkins said the health insurance premium to Rocky Mountain HMO was to be more than \$30,000 for 2004. The employees met to discuss their health coverage, and agreed to accept a less expensive plan. The current plan is called NC50. The new plan is called NC1000. The main difference is the deductible, or out of pocket expense to the employee. It will increase by about \$1,300 per employee.

Bob Tramp said he did not feel the employees should bear additional out of pocket health care expense. He suggested that the salaries be raised to compensate. Bob said he also was concerned that the amount designated for distribution system capital improvements was decreased to \$25,000 from the \$60,000 proposed last year. He said the Association should not fall behind in pipeline replacement.

Dan Hawkins said it will be necessary to concentrate the capital improvement funds on the new treatment plant, at least for the next year. He said that, although there are many places on the distribution system that need upgrading, none is so urgent that it cannot be postponed.

John Hawkins brought up the consultation fee which is paid to him each month. He explained that it is in lieu of a retirement plan, and a way to compensate his years of work at very low pay in the early days of the Association. He said he is not sure he contributes much consultation, and asked if the Board is still comfortable with that expense. Jerry Figueroa said John's intimate knowledge of the physical and political history of the Association is valuable, and he thinks the compensation is appropriate. Other board members affirmed that opinion.

John Hawkins pointed out that an increase in the price of a tap must be approved by the Stockholders, but that the Board can raise the water rates and monthly minimum charge at any time. He said nevertheless, proposed rate increases have usually been presented to the stockholders as a matter of courtesy, and to explain the reasons.

Several Board members remarked that they have heard nothing but support for continuing with the new treatment plant project, and that members generally seem satisfied with how the Association operates.

MOVED BY Bob Tramp

SECONDED BY Kelly Peterson to increase 2004 wages to \$115,000.

MOTION CARRIED with no opposing votes.

There was continued discussion of the budget options. Ultimately a consensus emerged that budget (4) was the only scenario which would allow for completion of the treatment plant project, and assure adequate coverage of all other cash requirements.

MOVED BY Kelly Peterson

SECONDED BY Herman Kline to present the board proposed budget number 4 at the Annual Stockholder's Meeting and also show budget number 1 as an illustration of the need for the increased revenue.

MOTION CARRIED with no opposing votes.

Annual Meeting

Board members whose terms expire this year are:

Bryan Klaseen	Redlands Mesa
Bob Tramp	Cedar Mesa
Kelly Peterson	Surface Creek
Ellis Fritchman	Member at Large

All incumbent Board members agreed to stand for reelection.

Other

Jerry Figueroa asked if "reverse 911" is an appropriate way to notify the general membership of events such as special meetings, etc. Dan Hawkins said there is a charge for using the service, and it is designated only for emergencies. He said the only time it was tried, which was to inform members that the boil order had been lifted, it did not work. He said the County Emergency Coordinator has assured him the problems are fixed, and it works now.

There was discussion of possible funding sources. Jerry recommended re-submitting the application for a grant from the Colorado River District. He also suggested the Colorado Water Conservation Board as a low-interest loan source. Dan Hawkins said he thought there were limitations on the CWCB funding domestic and municipal water, but he would check into it again.

Meeting Adjourned: 12:30 p.m.

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board Organizational Meeting
December 9, 2003

Chairman Jerry Figueroa called the meeting to order at 9:15 p.m. following the annual Stockholders meeting at the Cedaredge Community Center. He said the primary purpose of the meeting was to elect or appoint officers of the Association.

Jerry said he would like for somebody else to accept the position of President. He said he is not unhappy with the job, but feels a change might be beneficial. There were no volunteers.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to elect Jerry Figueroa as President, Herman Kline as Vice President, and to appoint Dan Hawkins as Secretary-Treasurer.

MOTION CARRIED with no opposing votes.

Dan Hawkins informed the Board of a letter received by Aaron Clay and forwarded to the Association. The letter, from Town of Cedaredge Attorney Gregg Stanway, demanded immediate arbitration of water treatment payments which the Town considers to be delinquent.

It was agreed to schedule a meeting with Aaron Clay at his office as soon as possible in the week of December 15.

Meeting adjourned at 9:30 p.m.

Respectfully Submitted,



Dan A. Hawkins
Secretary-Treasurer

Upper Surface Creek
Domestic Water Users Association
P.O. Box 70, Cedaredge, CO 81413

Minutes of Annual Stockholders Meeting
December 9, 2003

Chairman Jerry Figueroa called the meeting to order at 7:00 p.m. in the Community Center, Cedaredge, Colorado. Secretary Dan Hawkins read the call of the meeting, as published in the Delta County Independent and Mountain Valley News.

A credentials committee had been formed in advance of the meeting, composed of Helen Hawkins, Mary Munger, Martha Grewal, Mary Lou Marshall, Janice Kennedy, and Don Ahern. Helen Hawkins reported on behalf of the committee that 39 members were present, and 121 proxies had been received, for a total representation of 160. A quorum consisted of 152. The chairman declared that a quorum existed. A final report by the credentials committee showed that 77 members attended in person, with 145 proxies, for a total of 222.

Minutes of the 2002 annual meeting were read by Dan Hawkins. There were no corrections or additions offered. It was

MOVED BY Dayton Myers Sr.

SECONDED BY Bryan Klaseen to approve the minutes as read.

MOTION CARRIED by voice vote; no opposing votes were heard.

Mr. Figueroa presented his report to the members on the activities of the Association in 2003. He began by thanking the Association staff and Board of Directors. He then thanked the members for their interest and participation in the affairs of the Association. He encouraged their active participation throughout the meeting.

The chairman then reported that growth in membership had not been as expected. The budget forecast for tap sales was 23, but only 16 were sold. This created a shortfall in revenues of \$49,000 which made it necessary to curtail some planned capital expenditures.

He said the efforts toward the new treatment plant consisted of negotiating a land exchange, obtaining easements, engineering, and negotiating the many bureaucracies involved in permitting the different parts of the project. He said the project is behind schedule due to delays in obtaining several key permits. Construction on the plant consisted of building an access road into Surface Creek, completing the creek intake structure, clearing the plant site, and obtaining Power and telephone service to the site.

Mr. Figueroa said that many sources of funding have been investigated, and that it has become apparent that several grants which were believed to be available are intended for governmental entities, not private water systems. Also, granting agencies tend to favor consolidation of water systems over separation, which again works to our disadvantage.

He reported that Donna Ferganichick resigned from the Board of Directors because she moved out of the area. Bob Tramp was appointed by the Board to fill the vacancy until the next election.

The Chairman concluded by saying that a new chapter in the history of the Association is

beginning, and the Board will rely on the guidance of the members to act in their best interest

Treasurer Dan Hawkins then presented the financial report for 2003. He explained some discrepancies between what had been budgeted and what actually occurred. It had been anticipated that \$500 thousand would be spent to begin construction of the new treatment plant, funded by a loan or grant in the amount of \$400 thousand. However, this did not occur because the necessary permits were not obtained in time to permit significant construction.

There were questions from the members about the decrease in cash reserves during the year. Hawkins explained that was primarily due to the shortfall in income from new tap sales. The budget had envisioned a decrease in cash reserves, but the situation was made worse by the loss of new tap revenue.

Dennis Grunkemeyer asked about the source of the \$31,660 listed as "Miscellaneous Cash Receipts." Hawkins said that was cash received for the sale of a portion of the property originally purchased for the new treatment plant. It was listed as miscellaneous because it was a rare source of income that is not expected to recur.

Hawkins pointed out that the payments to the Town of Cedaredge for water treatment expense were about \$25,000 less than what was actually billed. He said the underpayment reflected the Board's position that the charges were made in violation of the Association's operating agreement with the Town. Per the agreement, upgrades and other major expenditures made on the common system must have the written concurrence of the Association. After the boil order which occurred in April and May, the Town undertook significant upgrades to the treatment plant without consulting the Association or obtaining its concurrence. Hawkins said he expects the disputed charges and underpayment will be settled through legal action in the near future.

Chairman Figueroa then asked for a motion to dispose of the financial report. It was

MOVED BY Gary Richardson

SECONDED BY Polly Hammer to accept the 2003 Financial Report as presented.

MOTION CARRIED by voice vote, no opposing votes were heard.

Old business was then called for. Hearing none, the chairman called for new business. Cindy Beach asked if the Association has considered changing its status to a taxing district or other governmental basis in order to better qualify for grants or other financial assistance. Mr. Figueroa said it has not been investigated. Mrs. Beach then asked if the Association has sought the assistance of professional grant writers. The chairman replied that assistance has been sought from the USDA Rural Development office, and that the Association has become a member of Painted Sky, an organization devoted to fostering rural development.

Mike Mason asked if the Association would expect to incur capital costs nearly equivalent to the new treatment plant if it elects to stay with the Town of Cedaredge instead of proceeding with our own plant. Jerry Figueroa replied that this is one of the factors driving the decision to split from the Town. Another is that the operating agreement signed three years ago has not served to protect the Association from Town actions that we do not agree with.

A question was asked about the status of negotiations with the Town concerning a buyout of the Association share of the common system. The chairman answered that the process has not started yet, but Attorneys for the two entities are working to get it started.

A member asked if a change in point of diversion has been granted allowing water to be taken from Surface Creek at the desired location. Mr. Figueroa answered that it has been granted. Polly Hammer asked if progress is being made to change the use of the Association's reservoir water to domestic. The chairman answered that this issue is being approached by changing all the water in Leon Lake to domestic. The change is not yet final, but is pending and expected to happen.

Jim Davis asked if a Pall membrane filtration system is still under consideration for the treatment plant. At this point, the chairman turned the podium over to Dan Hawkins to take more technically oriented questions. Hawkins replied to Mr. Davis that a Pall membrane filtration system is planned, and engineering drawings of the complete treatment plant were available for viewing at this meeting.

Stan Adams asked if a decrease in water quality can be expected because of a new intake on Surface Creek rather than from springs. Dan Hawkins said most of the raw water presently being used is actually surface water. He explained the treatment steps planned for the new plant, which include a sedimentation basin, roughing filters, chlorine dioxide pretreatment, and final filtration by membrane technology.

A member asked how long it will take to pay off the treatment plant. Hawkins answered that the most probable commercial loans will have a 10 to 20 year term. He said budget projections of debt service are based on that payout time.

Dan Hawkins then presented the proposed budget for 2004. He explained that two budgets were included on one page. The first version was to illustrate that the treatment plant cannot be paid for while keeping the current tap price of \$7,000 and the current monthly minimum charge of \$23. The second budget is recommended by the Board of Directors. It proposes a tap price increase to \$8,000 and a monthly minimum charge increase to \$27.

Lou Bickmore asked why Member Contributions to Capital Improvement was budgeted at \$25,000 when only \$3300 was received in 2003. Hawkins answered that most of that amount had already been received in fiscal 2004, for a pipeline extension that was begun near the end of 2003.

A member asked if more employees would be hired to operate the new treatment plant. Hawkins said there are presently two Class A operators on staff, Dayton Myers and himself. No additional employees will be necessary. He said that if the Association were to continue paying the Town of Cedaredge for water treatment, he would expect the cost would be \$50,000 annually. He projected the cost of operating our own plant at less than \$20,000 annually.

Judy Mason observed that in previous years \$100,000 was typically budgeted for distribution system improvements, but only \$25,000 was provided in 2004. Hawkins said that in order to complete the treatment plant project, some distribution system improvements would need to be postponed.

A member asked if a \$4 per month increase in base rate is enough, and whether other scenarios were considered with higher base rates. Hawkins said no greater increase was considered, that \$4 was considered sufficient at this time.

Reg Cridler suggested that additional revenue be generated by increasing the cost per thousand gallons of water. Hawkins said experience has shown that not much additional revenue is generated by raising the cost of water. However, he said the Board of Directors could raise water rates at any time, if it seems advantageous.

Dennis Grunkemeyer asked what are the current liabilities of the Association. Hawkins replied that approximately \$50,000 is owed to the First State Bank of Hotchkiss, and potentially \$25,000 is owed to the Town of Cedaredge in disputed water treatment billings.

After further discussion, Jerry Figueroa asked for a motion concerning the Budget. John Hawkins suggested that per the bylaws, there should be a separate motion to ratify the Board's proposed new membership fee. Mr. Figueroa then called for a motion to set the membership fee.

MOVED BY Roy Wolf

SECOND BY Gary Richardson to set the price of membership at \$8,000.

MOTION CARRIED by voice vote, one dissenting vote was heard.

The chairman then asked for a motion concerning the 2004 budget.

MOVED BY Gary Richardson

SECOND BY Polly Hammer to approve the budget recommended by the Board of Directors, identified as budget (2) on the sheet provided.

MOTION CARRIED by voice vote, one dissenting vote was heard.

Jerry Figueroa then announced that terms for Bryan Klaseen, Bob Tramp, Kelly Peterson, and Ellis Fritchman have expired. He said the four members have agreed to be candidates for re-election. Mr. Figueroa then declared the meeting open for nominations for the four director positions.

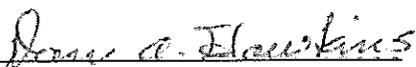
MOVED BY Jess Marshall

SECOND BY Bob Phillips to close nominations and declare the four incumbent Board Members elected by acclimation.

MOTION CARRIED by voice vote, no dissenting votes were heard.

There being no further business presented, the meeting adjourned at 9:00 p.m. Members enjoyed coffee and cookies baked by Bonnie Kline.

Respectfully Submitted,


Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
January 12, 2004

Jerry Figueroa called the meeting to order at 6:36 p.m. Board members present were: Jerry Figueroa, Kelly Peterson, John Hawkins, Herman Kline, Bob Tramp Bryan Klaseen, and Ellis Fritchman. Also present were: Helen Hawkins, Dan Hawkins, William Hand and Denise Hand.

Minutes

Written minutes of three meetings were provided to the Board prior to the January 12, 2004 meeting.

Board Meeting December 6, 2003

The following corrections were offered: Page 3 second paragraph "full amount was borrowed" should read "full amount will be borrowed". Page 3 eight paragraph "tap must by approved" should read "tap must be approved".

MOVED BY Herman Kline

SECONDED BY Bob Tramp to accept the December 6, 2003 board meeting minutes as corrected.

MOTION CARRIED with no opposing votes.

Annual Stockholders meeting Dec 9, 2003

The board read these minutes and saw no problems with them. They will be presented to the stockholders at the 2004 Stockholders Meeting.

Board organizational meeting Dec 9, 2003

MOVED BY Bob Tramp

SECONDED BY Kelly Peterson to accept the December 9, 2003 board organizational meeting .

MOTION CARRIED with no opposing votes.

Financial Report

The Board reviewed the December, 2003 Cash Flow Report. Dan Hawkins explained that the expense for education was for Chuck Moore, who upgraded his distribution license from Class 1 to Class 2 (class 3 is highest). Hawkins also explained the expense for the Chevy truck, which was for two new tires and four new rims. The rims were changed from 16.5" to 16", which reduces the cost of tires.

Herman Kline asked about a miscellaneous income line. Hawkins said it was an insurance settlement received after a driver went off the road and ran into a valve box on 2425 Drive near R.P. Sheppard's driveway. The driver's insurance paid for repairs to the box.

Jerry Figueroa asked about the entry for Members Contribution to Capital Improvements. Hawkins said it was from Jim Kidd, to pay for the 4" line extension and fire hydrant on his property.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the December 2003 Cash Flow Report

MOTION CARRIED with no opposing votes.

End of Month Report/System Usage Report

Dan Hawkins discussed the End of Month Report. He said system usage was more than normal for the time of year. He said there might still be a leak, although several have been found and repaired.

Don and Nina Bobo Studio

Dan Hawkins reported a question from Nina Bobo who lives in Cactus Park. She plans to build a studio apart from her home, and wants to have water in it, probably including a bathroom. She wanted to know if an additional tap is required

After discussion, the consensus of the Board was that the building did not sound as though it could stand alone as a dwelling, and no additional tap would be required at this time.

Subdivision Report

"Lloyd Meadows Minor" - Cliff and Jeannine Sykes, 983 Indian Camp Ave.

Dan Hawkins described the proposed split of one large lot into two smaller ones, located south of the Sykes home, to be accessed by an easement about 330 feet long running south from R75 (Indian Camp). The fire department is recommending a fire hydrant located at the new lots, which will require a 4" line to be built in the easement.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to provide two taps for the Lloyd Meadows Minor Subdivision, and allow construction of a 4" line if required for fire protection. The developer will go to the source on R75 Road, build the line to USCDWUA specifications, and bear the cost of the line.

MOTION CARRIED with no opposing votes.

"Hand Minor"- William and Sadie Hand, 27201 Cactus Park Rd

Mr. and Mrs. Hand presented their plan for subdividing a parcel located on Currant Creek. They plan to purchase two taps. The closest water line is at Paul Thompson's tap located about $\frac{3}{8}$ mile north of Q Road (Cedar Mesa Rd.) on 2700 Drive (Rimrock). They are willing to provide easements to USCDWUA to grid the Rimrock line in with the Cactus Park Road line in the future. An 600-ft. extension of the line on Rimrock will be necessary initially to serve the two taps.

MOVED BY Jerry Figueroa

SECONDED BY Kelly Peterson to provide two taps for the Hand Minor Subdivision. The developers provide easements to the satisfaction of the manager, and bear the cost of line construction to the subdivision.

MOTION CARRIED with no opposing votes.

There was discussion of upgrading the line size to the Hand Subdivision. It is presently two inch at the Thompson tap

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman the Hand Line should be upgraded to 4 inches. USCDWUA will pay for the over-sizing.

MOTION CARRIED with no opposing votes

Mike Mason, Cedar Mesa Road - revised to major subdivision

Dan Hawkins said Barbara Ball had told him the Mike Mason "Cedar Mesa Estates" minor subdivision application has been amended to a major subdivision with 15 lots. Mr. Mason has applied to the Board of County Commissioners for a variance from County subdivision regulations to allow wells to be used instead of purchasing USCDWUA taps.

There was considerable discussion on the topic of wells in our service area. Dan Hawkins reported on a conversation with Mike Havens of the State Health Department, who essentially said the Department could offer no leverage to forestall the drilling of wells, as long as it is a legal right of the homeowner. The Department has, however, adopted extensive regulations requiring public suppliers to monitor and eliminate potential cross-connections with wells or other potential sources of contamination.

Hawkins also said a letter has been sent to the Water Resources office in Montrose which issues well permits for Delta County, asking for a chance to comment on well applications. There has been no response.

The Board reviewed a proposed letter to the Delta County Board of Commissioners protesting Mike Mason's application to use well water for his subdivision.

MOVED BY Kelly Peterson

SECONDED BY John Hawkins to send the letter to the Board of County Commissioners urging them to deny the use of wells for subdivisions in the Association service area.

MOTION CARRIED with no opposing votes.

Leaks

Dan Hawkins reported on seven significant leaks in the past month. Illustrations were provided to the Board. Hawkins said much of the excessive use was due to these leaks, but there might still be an unexplained loss of 5-10 gallons per minute, which we are still looking for.

Battaglia septic system failure

Dan Hawkins reviewed the leak in a two-inch line near Gene Yarber's home, uphill from Chris and Gwen Battaglia's. The leak was discovered by a plumber hired by the Battaglias to investigate water coming to the surface in their yard. The plumber found that water was surfacing uphill from their home, as well as in their septic system area.

Hawkins said that after repairing the leak, water was still surfacing in the Battaglia's yard. It was found to be coming from their septic tank and leach field. The Association paid to have the septic tank pumped, but the water continued to seep from the hillside. After the Battaglias left for a ten-day vacation, the seepage subsided.

Kelly Peterson said he had looked at the situation and believed the Battaglia's septic system is allowing effluent to come to the surface. Hawkins said he is sure there is no further leak on the USCDWUA line near Battaglia's, and that there are other possible ways the hillside could have become saturated. John Hawkins said he had looked at the area and saw that Gene Yarber obviously irrigated last summer, and there also is a pond with water in it at the top of the hill.

The Battaglias have requested that the Association pay the cost of the plumber who discovered the leak originally.

MOVED BY Ellis Fritchman

SECONDED BY Bob Tramp that if USCDWUA is presented with the plumbing bill the Association will pay it out of courtesy, but does not acknowledge responsibility for the problems. Aaron Clay will need to review the letter with the payment.

MOTION CARRIED with no opposing votes.

Town of Cedaredge

The Board reviewed a letter from Aaron Clay to Town of Cedaredge attorney Gregg Stanway, in response to the Town's demand for arbitration of the billing dispute. Clay's letter suggested a settlement of the bill and discussion of splitting the partnership in one action.

The Board also reviewed a letter from the Town proposing repairs and upgrades to the common system in 2004. The projects identified are replacement of the filter media in the north (old) treatment plant, and replacement of the collection box between Cedar Mesa Reservoir and Kehmeier. The Town asked for written concurrence with the expenditures, in accordance with the Operating Agreement.

A letter of response to the Town was discussed.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to send a letter to the Town stating that USCDWUA will not participate in joint expenditures on the common system, since we are well into plans to separate and construct our own plant. The letter should reiterate our desire to negotiate a settlement.

MOTION CARRIED with no opposing votes.

Treatment plant pipeline construction

Dan Hawkins reported that 800 feet of raw water pipeline and 1200 feet of finished water pipeline were built by Peterson Excavating before weather forced them to stop. He said the pipe is being bedded in sand hauled to the site. So far, the cost of pipeline construction is slightly lower than projected.

Other

Dan Hawkins said he is pursuing loans from local banks, as well as banks in Montrose and Pueblo. The Colorado Water Conservation Board can provide a loan for the raw water intake and pipeline- maybe. There may be some difficulty because some of the work is completed already, but John Van Sciver of the CWCB recommended submitting an application anyway.

The grant application to the Colorado River District is also being re-submitted.

It was agreed to schedule the annual dinner for the board members and staff at Berardi's Wednesday January 28, 2004 at 6:00 p.m.

Due to Monday night conflicts for several members, the next board meeting will be held on Thursday February 12, 2004 6:30 p.m.

Meeting Adjourned: 9:50 p.m.

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
February 12, 2004

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were: Jerry Figueroa, Herman Kline, Kelly Peterson, John Hawkins, Lillis Hitchman, Bob Tramp and Bryan Klaseen. Also present were: Dan Hawkins, Helen Hawkins, Mike Mason and Judy Mason.

Minutes:

January 12, 2004 Minutes and
Special Board Meeting January 30, 2004.

A correction was offered to the minutes of January 12, 2004. On page 4 the second line reads, "ins response to Town's demand.." It should read, "in response to Town's demand.."

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the minutes of the January board meetings as corrected.

MOTION CARRIED with no opposing votes.

Financial Report

Correction on page 1: "flowers" misspelled. Dan Hawkins explained the purchase of a \$500 motorized pipe threader from Filter Tech. It came about as part of a deal with Filter Tech to provide six tons of filter sand and underdrain gravel for the Fresno pressure filters in the new treatment plant. If we bought the pipe threader, the sand and gravel was included at no charge. Hawkins said the value of the filter media alone was more than \$500.

MOVED BY Bob Tramp

SECONDED BY Herman Kline to accept the January 2004 Cash Flow Report as corrected.

MOTION CARRIED with no opposing votes.

End of Month Report/System usage Report

One new tap was issued in January to William Hand, for his minor subdivision on Carrant Creek. One more is expected to be purchased soon.

Dan Hawkins said system usage is down in comparison to December. Two more leaks were fixed on the 6" steel line below the Milk Creek tank. Hawkins said the elevated usage this winter was probably due to leaks plus people running water to prevent freezing.

Subdivision Report

Mike Mason - Major Subdivision

Mike and Judy Mason presented their request for an agreement to serve a proposed major subdivision on Cedar Mesa Road. This is the same property that was considered for a minor subdivision in August, 2003. The plan is now expanded to 15 lots.

The Masons asked the Delta County Commissioners for a variance from County subdivision regulations, which require them to use a public water supply if taps are available. They prefer to serve the subdivision from a well or wells. The request was denied. The Masons are now contemplating a lawsuit challenging the County regulations.

Judy Mason said there were three considerations desired in an agreement with USCDWUA:

1. Taps would be purchased only at the time of sale of lots. No taps would be purchased in advance. A guarantee of 15 taps would be made by USCDWUA with no time limit.
2. USCDWUA would perform any necessary upgrades to its system in order to serve the subdivision at no cost to Masons.
3. Monthly minimum charges, which normally begin to accrue upon issue of a tap, would be deferred until water is being used.

John Hawkins asked the Masons if they had previously come before the Board to discuss a major subdivision. Judy Mason replied they had discussed a minor subdivision, not a major. Hawkins said the material submitted to the County Commissioners suggested that USCDWUA had already discussed the major subdivision, and made a proposal for water service. He said the position of USCDWUA was misrepresented to the County.

Jerry Figueroa said the Association has previously entered into agreements with developers of major subdivisions which have worked out satisfactorily. He gave Sorrento Heights as an example. The developer extended the main line to the subdivision, built all water line inside the subdivision, and proceeded with development in phases of three lots each.

Mike Mason said the requirement to purchase taps in advance and to pay a monthly fee on unused taps is an unfair financial burden. He said a well system would be much cheaper. He said USCDWUA is a monopoly whose policies and rate structures are not subject to review from any outside agency.

There was further extensive discussion. It was agreed that Manager Dan Hawkins would write a proposal for serving the subdivision. The Masons left the meeting.

During ensuing discussion, several points were brought out:

- USCDWUA is not obligated to issue taps which might create a burden for existing shareholders. Any costs not born by the developer could create a burden.
- If a private well system fails, USCDWUA will probably be asked to provide taps. There would be problems connecting to an existing distribution system, because of potential cross connections and unknown piping quality.
- If a private system fails, the taxpayers in Delta County could ultimately pay the price of fixing it.
- The Association is not obligated to serve anyone. Dan Hawkins said he had written attorney Aaron Clay a letter asking for his assessment of the situation. Aaron advised that if the Masons and Delta County get into a lawsuit, the Association does not stand to lose or gain from the outcome.

Bob Tramp said he does not feel the Association needs to get involved with the Masons. He said the situation seems to be heading for litigation regardless of what we do, and no offer is likely to be accepted. After further discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins that USCDWUA will approve sale of taps to Mike and Judy Mason under these conditions: Developer will pay for the upgrade on the main line from the source. Developer will purchase two taps up front. With the sale of each lot the developer will then purchase another tap. Monthly fees will be assessed on purchased taps. The construction of the interior line will be to USCDWUA design and specifications. USCDWUA will have control over pipeline contractors. USCDWUA will pay contractors and then bill the developer.

MOTION CARRIED with six directors voting aye. Bob Tramp voted nay.

Dave and Cindy Beach - water line construction S-25 Road

Dan Hawkins reported that there is an old subdivision on the north side of S25 Road consisting of two 2½ acre lots and one five acre lot. There is a water line from S25 Road to the property, but it has never been used, and its condition and type of pipe is unknown. It appears to be one-inch polyethylene. Hawkins said he refused to use the old line due to these uncertainties.

Dave Beach elected to build a new line of two-inch PVC, using pipe supplied by USCDWUA. He requests that the Association supply the pipe at no cost, and he pays for the excavation and installation. Dan Hawkins said the line would serve two existing taps, and a possible future third tap for the five-acre lot.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to provide pipe and take over ownership of the line.

MOTION CARRIED with no opposing votes.

Treatment plant

Offer from Paonia Bank

Dan Hawkins said he has received a written offer from the Paonia State Bank to finance the treatment plant project. They will loan up to \$800 thousand, on a draw-as-needed schedule. The loan origination fee is ½ percent of the principal. The interest rate is 6.5 percent, amortized for 20 years, or floating at ½ percent above prime amortized for 20 years, but with a five year balloon payoff.

Hawkins said the First State Bank of Hotchkiss is working on a loan that would be guaranteed by the USDA Rural Development program. The interest rate might be lower with this type of loan.

CWCB application

Dan Hawkins said an application has been submitted to the Colorado Water Conservation Board (CWCB). They can provide a loan for the raw water portion of the treatment plant project. The amount borrowed would be \$162 thousand at a rate of 3¼ percent interest, amortized for 20 years.

River District Grant application

Dan Hawkins said an application was submitted to the Colorado River Conservation District for a \$15 thousand grant.

Legal situation

Report on arbitration committee meeting

Dan Hawkins reported that he had met with the John Hawkins and Bob Tramp. The opportunity was taken to bring Bob Tramp up to date on the history of the Association's relationship with Cedaredge. They discussed the disputed billings, and which should be submitted to arbitration. It was decided to present everything to Aaron Clay and obtain his advice on what, if anything should be paid without further protest.

Report on Dan and Aaron's meeting

Dan Hawkins reported that he met with Aaron Clay for about two hours, going over all disputed items in detail. Aaron recommended paying two items, the dredging of the backwash pond, and the postage and printing cost incurred by the Town in sending out notices of the boil order.

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to pay Cedaredge bills for dredging the pond and the cost to the Town in sending out notices of the boil order.

MOTION CARRIED with no opposing votes.

Appraisal

Appraiser Jonathan Cavendish from West Virginia will inspect the common system on February 20. He has said he expects to issue a written report within six weeks. The cost is \$3,500 plus \$750 plane fare. He will stay with his nephew Todd Chadwick, who is an Association member living on Redlands Mesa, so there will be no lodging or transportation fees.

Meeting Adjourned: 10:15 p.m.

Respectfully Submitted *Dan A. Hawkins*
Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 15, 2004

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were: Jerry Figueroa, Ellis Fritchman, John Hawkins, Herman Kline, Kelly Peterson and Bob Tramp. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

John Hawkins pointed out an error on page 3 third paragraph. "...old line due these uncertainties.." Should read "...old line due to these uncertainties.."

MOVED BY Herman Kline
SECONDED BY Bob Tramp to accept the minutes as corrected.
MOTION CARRIED with no opposing votes.

Financial Report:

Jerry Figueroa asked about the expense for backhoe repair. Dan Hawkins said a slider bearing for the extendable dipper stick broke, and also caused a hydraulic fitting to crack. The repair was done at Benson Brothers shop.

Herman Kline asked if the appraisal of the common system was finished. Hawkins said the report will be done sometime within the next month. Half the appraiser's fee has been paid. The remainder, plus airline fare will be paid when the report is done. Hawkins said the appraiser, Jon Cavendish, spent the day February 20th inspecting the filter plants and other parts of the common system.

Herman asked about \$750 received from Douglas Craig. Hawkins said it was reimbursement for a fire hydrant on P-50 lane that was installed with the Jim Kidd line. The participants were Douglas Craig, (\$750) David Koos (\$750) and \$300 from the Delta County escrow fund that was contributed by Marianne McPherson for her minor subdivision.

MOVED BY John Hawkins
SECONDED BY Kelly Peterson to accept the February 2004 Cash Flow Report.
MOTION CARRIED with no opposing votes.

End of Month/System Usage Report

Dan Hawkins reported that no new memberships were sold in February. He said he is concerned that the budget for membership sales will not be met.

Hawkins reported that 4,854,000 gallons were used by the system in February. He attributed the low figure to a short month, plus several leaks have been fixed that contributed to higher than normal winter usage.

Hawkins said line flushing is being done during the second week in March. The Cedaredge treatment plant operators are being kept informed, and so far there has been no problem having enough water.

Subdivision Report

Jerry Figueroa said he and Dan Hawkins attended a meeting with Delta County Planner Kelly Yeager and County Attorney Brad Kolman. The purpose was to discuss the Association's proposal for domestic water service to Mike Mason's major subdivision - "Cedar Mesa Estates." The County is anticipating that Mason will bring suit challenging the subdivision regulations, and will seek a judgement allowing him to use well water for the subdivision instead of buying taps.

Yeager and Kolman said they felt the USCDWUA proposal was reasonable. However, they asked if there was any flexibility by which taps could be dedicated to subdivision lots without being purchased. They suggested USCDWUA investigate the approach used by Tri-County Water to serve major subdivisions. Dan Hawkins said he spoke with the manager of Tri-County. They issue a one-year contract in which the developer pays 10% of the tap fees plus all the installation fees and line installation costs. At the end of the year, the taps must be purchased or all money paid is forfeited.

Intense discussion followed. Ellis Fritchman said he did not favor making an exception to established policy. He said the policy is working. Jerry Figueroa said the proposal to Mike Mason is the same as was made to Jack Zimmerman for Sorrento Heights. That subdivision worked well, even though there was initial resistance from Zimmerman.

Helen Hawkins said if stock certificate numbers were assigned to lots, but if something went wrong and they were not purchased, it would create additional bookkeeping and would result in stock numbers issued out of chronological order.

John Hawkins said the County regulation is reasonable, and perhaps it should be tested in court. He said the Association should be willing to testify.

Bob Tramp asked how many taps are now committed but not in use. Dan Hawkins said the number has been around 80 for some time now. Bob asked how many taps our water supply will serve. Hawkins said he estimates about 1,500 without any new water purchases.

Kelly Peterson said he did not see how the fire department could approve a major subdivision with well water. He said he did not think Mike Mason had contacted the fire department.

Discussion eventually ended with no action taken. Consensus was that the proposal to serve Cedar Mesa Estates should remain as is. John Hawkins said a letter should be sent to Delta County, offering support if there is a court case. It was agreed by consensus that the manager write such a letter.

Treatment Plant

Dan Hawkins said that nearly 70% of the contract with Ute Engineering has been paid. By the agreement, that is the maximum to be paid before construction. Hawkins said construction will begin as soon as weather and ground conditions permit.

Hawkins said a construction permit has been received from the Health Department. He said this was probably the most important permit, and was the last approval necessary to get on with the project.

Jerry asked if a building contractor has been found. Hawkins said B.G. Harrison Masonry in Grand Junction is known to be an excellent block contractor. They are currently working on the new middle schools. They could start work on the treatment plant in May.

Hawkins said the construction schedule is to excavate for the clearwell and building, install drain piping, and pour concrete by May. In May, the building is put up. In June, equipment is delivered. Startup will be sometime in the third quarter.

Dan Hawkins said the Colorado Water Conservation Board is considering a loan of \$162 thousand for the raw water portion of the project. The interest rate is 3.25%, with a 20-year term. The CWCB is to meet on March 17, and this loan is on the agenda. Hawkins said he plans to attend the meeting in Colorado Springs.

The Paonia State Bank is still saying it will loan up to \$800 thousand at 6.5%. John Hawkins asked if a Board resolution will be necessary for the loans. Dan said it could be done at the next meeting, as it will probably not be necessary to borrow money before then.

Dan said collateral for the CWCB loan will be a pledge of revenue, plus the intake structure and raw water line. The Paonia bank will take water stock as collateral, plus land and building. Hawkins said the Paonia bank has evaluated the Association's water stock at \$860 thousand.

Town of Cedaredge

Dan Hawkins said Aaron Clay has told him there is still not a firm date for arbitration. The Town's attorney has been arranging things with Judge Richard Brown, who will be the arbiter.

On advice from Aaron Clay, a payment of \$1,288 was made, to cover dredging the backwash pond, and mailing boil-order advisories.

Meeting Time

It was decided to hold the April meeting at 6:30 p.m.

Meeting Adjourned: 8:35 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 12, 2004

Jerry Figueroa called the meeting to order at 6:41 p.m. Board members present were: John Hawkins, Kelly Peterson, Bob Tramp, Herman Kline, Ellis Fritchman, Bryan Klaseen and Jerry Figueroa. Also present were: Dan Hawkins and Helen Hawkins.

Minutes:

Correction on page 2, paragraph four: “. . . but something went wrong . . .” should read “. . . but if something went wrong . . .”

MOVED BY Kelly Peterson

SECONDED BY Herman Kline to accept the March 15, 2004 Minutes as corrected
MOTION CARRIED with no opposing votes.

Financial Report:

A correction “Cedar Mesa D&T, Leon Lake” should read “Cedar Mesa D&R, Leon Lake.” Dan Hawkins explained that the vehicle expense amount included new windshields for the Dodge and Chevy trucks.

Herman Kline asked about the fee for a discharge permit. Dan Hawkins said it is for the backwash pond at the new treatment plant. The settled water from the pond will flow back to Surface Creek, requiring the permit.

MOVED BY Bob Tramp

SECONDED BY Kelly Peterson to accept the March 2004 Cash Flow Report
MOTION CARRIED with no opposing votes.

End of Month/System usage Report:

There were no membership sales in March. There has been one sale so far in April. Dan reported that the spring pipeline flushing was completed in March, and went well, with no complaints from members.

Subdivisions:

Dale and Debbie Hartman “Great View Minor” 20055 Surface Creek Road. This subdivision will add two lots to the present Hartman residence. The line along Surface Creek Road is a 6 inch. Dan Hawkins said the developers will need two taps, and they plan to run a four inch pipeline into the property and install a fire hydrant.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to grant two taps for Hartmans’ “Great View Minor.”
MOTION CARRIED with no opposing votes.

Leak Repairs:

Dan Hawkins reported on three leaks during April. One was in the six-inch line along Surface Creek Road about ¼ mile north of the Rodeo Grounds. This is a steel line about three years old. Hawkins showed the Board the leaking joint that was replaced. The o-ring seal had failed, with the ring pushed partway out of the joint. Hawkins said this problem is usually caused at installation, and leaks immediately. He could not explain why the leak occurred three years later.

In Cactus Park near the home of Preston Lauderbach, a two-inch PVC line pulled apart at a joint. Movement of the ground was the probable cause.

A regulator vault at the intersection of Indian Camp and Surface Creek Road was found to be half full of water. A malfunctioning pressure relief valve was at fault.

Treatment Plant:

Construction Report: Dan Hawkins reported that the plant building site was ready for concrete on April 5, but it rained for a week. He said he expected to begin pouring the foundation April 13. After the foundation is poured, there will be numerous drain pipes installed under the floor, then the floor slab will be poured. Block wall construction for the building is scheduled for mid May.

CWCB Board meeting report: Dan Hawkins reported on the Colorado Water Conservation Board meeting March 17 in Colorado Springs. He said the Association's application for a construction loan was approved. The amount of the loan is \$162 thousand, at 3.25% interest for a 20 year term. It is applicable only to the raw water portion of the project. Hawkins said the Association can be reimbursed for what has already been built for the raw water system. He said that amount is around \$70,000 plus an estimated \$12,000 for engineering.

Hawkins presented the Board with a resolution provided by CWCB which is a required part of the loan documents. There were questions from the Board about the resolution, which were resolved by telephoning Janis Illian of the CWCB at her home.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to adopt the CWCB Resolution

MOTION CARRIED with no opposing votes

Paonia Bank Loan status: Dan Hawkins reported the Paonia State Bank says they are still committed to loaning money for the project, but are meeting some resistance from their correspondent bank, which apparently needs to agree for a loan of the size we need. Paonia Bank President Ken Grunkemeyer told Hawkins that they could still make the loan without the concurrence of the other bank, but it would be less than \$800 thousand. Hawkins said that might be okay if the Paonia and CWCB loans together are enough to finish the project.

Hawkins presented the Board with a resolution required by the Paonia State Bank in which the Board authorizes the loan.

MOVED BY John Hawkins

SECONDED BY Bob Tramp to adopt Resolution #04-01, authorizing the Association to borrow up to \$800 thousand from Paonia State Bank for the treatment plant project.

MOTION CARRIED with no opposing votes.

River district grant status: Dan Hawkins reported it is likely that the Association will be granted \$15,000 by the Colorado River Conservation District. May 20th is the board meeting at which the grant will be considered. Hawkins said he plans to attend the meeting.

Town of Cedaredge

Election results: The Board discussed the new members of the Board of Trustees. Dan Hawkins said he had been contacted by new members Ed Marah and Joc Mulvcy, asking about the dispute. Hawkins said he believes the new Town Board may be more inclined to negotiate.

Arbitration: The Board reviewed a letter from Town Attorney Gregg Stanway, forwarded by Aaron Clay, setting the date for arbitration of the billing dispute for May 18.

Other

Board meetings will begin at 7:30 p.m. during daylight savings.

Meeting Adjourned: 8:00 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 17, 2004

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were: John Hawkins, Ellis Fritchman, Bob Tramp, Jerry Figueroa, Bryan Klaseen, Herman Kline and Kelly Peterson. Also present were Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Herman Kline
SECONDED BY Bob Tramp to accept the Minutes as sent to the Board
MOTION CARRIED with no opposing votes.

Financial Report

Dan pointed out that three new taps were purchased during April.
MOVED BY Kelly Peterson
SECONDED BY Ellis Fritchman to accept the Cash Flow Report as sent to the Board
MOTION CARRIED with no opposing votes.

End Of Month/System Usage Report

Dan presented the reports. John commented that the usage was low. Dan said that there had been two inches of rain which probably accounted for it.

Subdivision Report

Brad and Carol LeVay

Dan Hawkins reported that Mr. and Mrs. LeVay, who live at 15860 2525 Road, have asked that the Association move a pipeline on their property. The line runs south along the west property line, then turns southeasterly, encroaching into the property about 100 feet by the time it reaches the south property line, which borders P75 Road.

Mr. and Mrs. LeVay say they were not aware of the existence of the pipeline when they purchased the property. They feel its presence will interfere with plans to subdivide the property. They request that it be moved to the west property line.

Hawkins said the line was installed in about 1995 or 1996, and he believed the route was chosen in cooperation with the land owner at the time, Joseph Winstead. The line was built on an old existing road, which reduced the disturbance to the brush and trees. He said the cost of moving the pipeline would be at least \$3,000.

Herman Kline said the Association should not spend unnecessary money until the treatment plant is done. Jerry Figueroa asked if a legal opinion had been given. Dan Hawkins said he had not talked to Aaron Clay about the matter.

MOVED BY Bryan Klaseen
SECONDED BY John Hawkins to postpone decision until we have a legal opinion.
MOTION CARRIED with no opposing votes.

Mike Mason

Dan Hawkins reported that Delta County has tabled hearings on the Mike Mason major subdivision indefinitely. He said Mike Mason called him to say that he is no longer planning to use wells, but will agree to buy taps. Mr. Mason said the county is requiring him to complete the minor subdivision first, before considering a major.

Mr. Mason requested a new letter from the Association clarifying his contribution to new pipeline construction. He pointed out that the letters concerning the minor subdivision and the major subdivision were not consistent.

Hawkins said the main difference was that the minor subdivision required Mason to pay \$3,000 toward upgrading the main line along Cedar Mesa Road. The major subdivision required a contribution of \$10,000. The major subdivision agreement also specified the construction of pipelines within the subdivision.

Several board members said the line on Cedar Mesa Road should be upgraded for the major subdivision. The consensus was to require \$10,000 to be paid to USCDWUA or into escrow, and to specify that all construction is to be done by USCDWUA or its selected contractor.

MOVED BY John Hawkins

SECONDED BY Bob Tramp to write letter as specified above.

MOTION CARRIED with no opposing votes

Jack Zimmerman

Ellis Fritchman asked if Jack Zimmerman has been in touch. He said some kind of excavation is being done along 2600 Road north of Bob Phillips. Dan Hawkins said Zimmerman has inquired if taps would be available. He said it sounds as if Zimmerman is thinking about a subdivision. So far he has only submitted a membership application for one tap, but without payment.

Leak Repairs

Dan Hawkins said that an apparent leak in the pipeline to Parkwood Subdivision turned out to be irrigation water that had infiltrated into the old abandoned 4" line and then came to the surface where the old line had been cut. The line was capped to stop the water.

Treatment Plant

Construction

Dan Hawkins reported that concrete footers and stem walls for the building are done. The plant floor will be poured later this week. The floor of the sedimentation basin at Surface Creek has been poured.

CWCB Loan

Dan Hawkins reported that all documents for the CWCB loan are complete. We are waiting for an inspection of the project by the CWCB engineer, who will authorize payment. The first pay request will be for work already completed, which amounts to about \$90,000.

Paonia Bank Loan

Dan Hawkins said the Paonia State Bank did not obtain approval from its correspondent bank to loan \$800,000 as requested. They are only able to loan \$640,000. Hawkins said this may be enough, if combined with the \$160,000 authorized by CWCB, to complete the project, but it is uncomfortably close.

River District Grant

Dan Hawkins said the Colorado River District approved a grant of \$15,000. Grant contract documents have not yet been received. The grant is made in two payments, with half up front, and half when the project is complete.

Arbitration

Arbitration with the Town of Cedaredge to settle the ongoing billing dispute is scheduled Tuesday May 18. At issue is approximately \$50,000 the Town claims is owed by USCDWUA in unpaid water treatment billings. Aaron Clay has advised that it will probably be necessary to sue the Town for dissolution of the partnership after the arbitration.

Meeting Adjourned: 9:30 p.m.

Respectfully Submitted


Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 14, 2004

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were: Herman Kline, Bob Tramp, John Hawkins, Jerry Figueroa, Kelly Peterson, Ellis Fritchman, Bryan Klasoon. Also present were: Brad LeVay, Carol LeVay, Dan Hawkins and Helen Hawkins.

Minutes:

Jerry Figueroa suggested an amendment to the minutes. On page 2, third paragraph the phrase "since it will happen eventually" should be deleted. The other members of the board agreed.

Jerry Figueroa declared that if there were no further additions or corrections, the May 17, 2004 Minutes stood approved as corrected. No further corrections were made.

Financial Report:

Dan Hawkins reported there have been eight membership purchases through May and one membership purchased so far this month. That is less than half the number of taps anticipated in the 2004 budget, with more than half the fiscal year gone.

Hawkins explained the draw of \$106 thousand on the Paonia State Bank construction loan, which covered part of the \$142 thousand spent during the month on the new treatment plant.

Hawkins reported that a contract from the Colorado River Conservation District was received. When it is completed and returned to the District, the Association will receive half of the \$15,000 grant, and the rest will be received upon completion of the project.

MOVED BY John Hawkins

SECONDED BY Herman Kline to accept the Cash Flow Report as sent to the board members.

MOTION CARRIED with no opposing votes.

End of Month/System Usage Report:

Dan Hawkins said the water audit for May shows that 21% of the water measured at the master meter is unaccounted for. A similar high loss has happened in May for the last two years, with the later months in the summer running at around 12% loss. He said he does not have an explanation. There could be a leak on the system that has not been discovered.

Subdivision Report:

Brad LeVay request to relocate water line

Dan Hawkins introduced Brad and Carol LeVay, and reviewed the situation of a pipeline crossing their property which was discussed at the May 17 Board meeting. The matter had been tabled until the LeVays were able to attend a meeting.

Hawkins said the pipeline was built in 1995. The owner of the property at that time was Joseph Winstead, who built a house that same year and connected it to the new pipeline. Hawkins said he believed that the route of the pipeline was chosen with the consent of the owner at that

time. The LeVays purchased the property in March of 1997, about 18 months after the pipeline was built.

Brad LeVay said he was not informed of the route of the pipeline when he bought the property. He showed the Board a Quit Claim Deed describing an easement which he believed was intended for the USCDWUA pipeline. Upon reading the deed, Jerry Figueroa determined that it appears to be for an easement along the east line of the LeVay property, about 660 feet from the pipeline under discussion. It was granted to Bob Smith, the adjoining property owner to the north of LeVay.

Mr. LeVay then said the pipeline should have followed the edge of 2575 Road, instead of angling across the southwest corner of his property. He said the presence of the pipeline will interfere with his ability to subdivide and develop the property.

Kelly Peterson asked if it is practical to move the pipeline, and what would be the cost. Dan Hawkins said the new route of the line would have to be south along the edge of 2575 Road to the intersection with P75 Road, then east to enter a pressure regulator vault. He said the cost would be \$4,000 - \$5,000 dollars. The length of line would be about 400 feet, and would require some new valves and fittings.

Brad LeVay repeated his request that the Association relocate the pipeline, then he and Mrs. LeVay left the meeting.

During discussion, Bob Tramp said the Board's first responsibility is to the stockholders, and they should not pay to move the line for the benefit of one member. Ellis Fritchman said he would not object if the LeVays wish to move the line at their expense. Jerry Figueroa said the previous owner had an obligation to disclose the presence of the pipeline to the LeVays when they purchased the property. After further discussion, it was

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman that USCDWUA will not pay to move the pipeline. If LeVay chooses to move the pipeline at his cost, it will be done under USCDWUA supervision and specifications. A letter to this effect is to be written to LeVay and a copy forwarded to Aaron Clay.

MOTION CARRIED with no opposing votes.

Dan McFarland Family Subdivision

Dan Hawkins said Dan McFarland came to the office to inquire about taps for the McFarland Estate on Cedar Mesa. The property is 80 acres, bounded by Cactus Park Road on the north, 2550 Road on the west, and 2600 Road on the east. There is already one water tap serving the existing house.

Mr. McFarland said the will of Bob McFarland split the property into four 20-acre parcels to be distributed to his children. Three more taps will be required if the land is developed.

Hawkins said the property could be served from the north on Cactus Park Road, or from the west on 2550 Road. He suggested that USCDWUA should reserve an easement on the north side of the property to allow for future replacement of the 2½-inch line, which could then be relocated out of the county road. The line now runs within the traveled portion of the road.

MOVED BY Bob Tramp

SECONDED BY Bryan Klaseen to sell three taps to McFarland, with the requirement that

USCDWUA is granted a written easement on the north side of the property. Dan Hawkins is to write a letter to McFarland to this effect.
MOTION CARRIED with no opposing votes.

Cialkowski Minor Subdivision:

The Cialkowski property is located on the north side of Hanson Road (S25). It is 21 acres, to be divided into three lots. The property is already served by one tap, which serves the Cialkowski home. The two lots which need taps front on Hanson Road. A two-inch water line runs north through the property from Hanson Road. The water line is not on a lot line, but lies inside the easternmost lot

MOVED BY Ellis Fritchman

SECONDED BY Kelly Peterson to sell two taps to Cialkowski, with the requirement that an easement for the USCDWUA water line is depicted on the plat and recorded.

MOTION CARRIED with no opposing votes.

Problem Transfers:

Blake Davy:

Blake and Margaret Davey have sold their home on Hanson Road to Kent Fischer. The property has a house and a shop with an apartment above. The apartment is connected to the USCDWUA system, and is being lived in. Dan Hawkins said he contacted the Realtor and the Daveys to inform them of the need for a second tap. He has not transferred the existing tap yet.

MOVED BY Jerry Figueroa

SECONDED BY John Hawkins that Blake Davy's stock will not be transferred to the buyer until a new tap is purchased for the apartment or that the apartment is disconnected.

The water will be shut off in sixty days if there is no compliance.

MOTION CARRIED with no opposing votes.

Scott Russell.

The Scott Russell property on the north side of Timberline Subdivision, Ute Trails Road has apparently been foreclosed. Water service was disconnected months ago due to non-payment. Hawkins said he has refused to turn the water back on until documentation is provided to prove that the property and tap are legally owned by somebody other than Scott Russell. He said this has caused frustration and some heated phone calls, but he intends to leave the water off until the paper trail is satisfactory.

Treatment plant:

Construction report:

Dan Hawkins reported that the block walls are finished for the treatment plant building, the sedimentation basin is complete except for a lid, the floor is poured for the clearwell. He said preparations are being made to set the roof trusses, which are scheduled to arrive in ten days or so.

Financial summary:

Dan Hawkins presented the Board with a statement of the Association's current cash position, and the expected needs for the treatment plant. It appears that, unless the number of new

taps that were forecast are sold, there may be a shortage of cash to finish the project. Hawkins said the reserve accounts are not yielding any appreciable interest, and recommended that all reserve funds, including the CD at Commercial Federal Bank be transferred into the regular checking account during the treatment plant construction.

MOVED BY Kelly Peterson
SECONDED BY Bryan Klaseen to cash out the CD.
MOTION CARRIED with no opposing votes.

The Board discussed the possibility of extending the Paonia State Bank loan to cover the shortfall. Hawkins said the bank had hinted that it might be able to increase the loan at a later date. It was generally decided to wait and see if tap sales pick up before seeking an increase in the loan.

Town of Cedaredge:

Arbitrator's decision:

The Board reviewed the written judgement made by Richard Brown in the arbitration hearing with the Town of Cedaredge. The judgement seemed to support the position of USCDWUA in three out of four points in dispute, but the monetary award was only about 20%. The amount owed by USCDWUA is \$39,291. The Town is to pay 75% of the Association's attorney fees.

MOVED BY Jerry Figueroa
SECONDED BY Bryan Klaseen to pay the arbitration award to Cedaredge.
MOTION CARRIED with no opposing votes.

Suit for dissolution:

Herman Kline asked if the Town had agreed to any negotiation to end the relationship between the Town and USCDWUA. Jerry Figueroa said he invited Mayor Bill Miller to discussion, but the offer was refused.

MOVED BY Bob Tramp
SECONDED BY Ellis Fritchman to file dissolution papers against Cedaredge.
MOTION CARRIED with no opposing votes.

Meeting Adjourned: 10:15 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 12, 2004

Jerry Figueroa called the meeting to order at 7:37 p.m. Board members present were: Jerry Figueroa, Bryan Klaseen, Ellis Fritchman, John Hawkins and Kelly Peterson. Others present were: Dan Hawkins and Helen Hawkins.

Minutes

Bryan Klaseen asked if a tap will be purchased for the Blake Davy property which was sold to Kent Fischer, with an additional apartment connected to the system. Dan said Fischer plans to disconnect the apartment from the Association and drill a well for the apartment.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept the June 14, 2004 Minutes as sent to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins reported on the transfer of funds from savings and CD to the checking account to make the money available for construction bills. He called attention to the first payment from CWCB, which reimbursed the Association for work done on the raw water line and creek intake. He said the large payment to the Town for water treatment was to comply with the arbitration decision.

MOVED BY Bryan Klaseen

SECONDED BY Bob Tramp to accept the June 2004 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report/System Usage Report

Dan Hawkins said the water audit for June showed there was still some unexplained water loss, but it was down to 11.5%, compared to 23% in May. Kelly Peterson asked how much water was used to fight fires. Hawkins said he didn't know an exact amount, but had made an estimate when doing the audit. He said water was drawn from hydrants on Redlands Mesa and Cedar Mesa.

Subdivision Report

Mike Mason Minor Subdivision:

Dan Hawkins said he received telephone calls from Mike Mason and Delta County Planner Kelly Yeager regarding the Association's position on the minor subdivision. Mike Mason protested the requirement to upgrade the line from 2600 Road to the subdivision. Kelly Yeager was merely seeking clarification. Hawkins said he told both Mason and Yeager that the Board is aware that a major subdivision is planned, and want to do the required upgrades now rather than later. Hawkins said he has heard nothing further.

Moss Rock Minor - John Menke and Connie Donovan:

Dan Hawkins reported that this is a long and narrow strip of land lying north of Pinion Estates, fronting on Surface Creek Road. The long axis is east-west. It is to be split into two lots. One tap has already been purchased, one more is required. The taps will be connected to the two-inch line on Surface Creek Road.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to sell a tap to John Menke and Connie Donovan.

MOTION CARRIED with no opposing votes.

Treatment Plant

Dan Hawkins gave a construction report as follows:

- The steel roofing will be on in two or three days.
- The raw water pipeline is finished, but not tied into the plant yet. It is planned to complete and activate the raw water line soon in order to have water at the plant for fire protection and other needs.
- The clearwell perimeter walls are done, and half the interior baffle walls are done. After the remaining baffle walls are done, the concrete roof will be poured. Jerry Figueroa asked about access into the clearwell. Hawkins said four or five hatches are planned, with steel covers. They are big enough so that Laurita can remove the roof support forms through them.
- Pall is shipping the filtration equipment soon, possibly this week. It will have to remain outside the plant until the plant ceiling is finished and painted.

Town of Cedaredge

Lawsuit for partition:

The Board reviewed the proposed lawsuit against the Town of Cedaredge which was prepared by Aaron Clay. Also provided to the Board was a letter from Mr. Clay explaining his opinion of the type of lawsuit that should be pursued. He believes the Association and the Town do not have a partnership, but are joint owners of property. The lawsuit asks for partition of the property, with the Association being paid for its share of the property. The suit has not been filed yet.

Jerry Figueroa said he has reservations about using Aaron Clay to sue the Town. He said he was disappointed in the outcome of the arbitration, and felt the Association should not have had to pay such a large amount. Bob Tramp said he, too was surprised and disappointed in the outcome of the arbitration. John Hawkins said he felt the arbitration was about what he expected. He said a town or other government will always have a favored position in a legal dispute with a private company. He said he generally does not think it is a good idea to switch attorneys in the middle of a case.

Bryan Klaseen said he does not see that there is a need for an immediate resolution. He said he would like to hear a second opinion before proceeding. Ellis Fritchman also said he was in favor of getting a second opinion.

MOVED BY Bob Tramp

SECONDED BY Ellis Fritchman to get a second legal opinion on going to court against Cedaredge.

MOTION CARRIED with no opposing votes.

Dan Hawkins asked what attorney the Board wished to consult. After discussion, it was

MOVED BY Jerry Figueroa

SECONDED BY Bob Tramp to talk to the law firm of Dufford Waldeck Milburn and Krohn of Grand Junction.

MOTION CARRIED with no opposing votes.

Other

There was some more discussion of the Blake Davy tap, where there is an apartment. Kelly Peterson said it was hard to understand why the Fischers would rather spend more money drilling a well than to buy a tap. Dan Hawkins said there seems to be agreement among the buyer, seller, and the Realtor that the situation is the fault of USCDWUA and none of theirs.

Hawkins said the sellers (Davy) have said they never finished the apartment or connected it to the system before Fischers bought it. Kelly Peterson said that might be true, from what he knows of the plumbing. The Davys say they received an okay to build the apartment without buying a second tap, during a conversation with Dan Hawkins at a wedding reception two years ago.

Kent Fischer says he bought the property with the apartment finished and connected to the system. He says USCDWUA was fully aware of the situation and did nothing to stop it.

Greg Stratman, the Realtor, says he was never aware of the Association's policy against serving two dwellings on one tap. Stratman has been a member of the Association for several years.

Meeting Adjourned 9:25 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 9, 2004

Jerry Figueroa called the meeting to order at 8:15 at the Spaulding Peak Treatment Plant. Board members present were: Jerry Figueroa, Bryan Klaseen, Ellis Fritchman, Herman Kline, Kelly Peterson, John Hawkins and Bob Tramp. Also present were: Dan Hawkins and Helen Hawkins. The meeting was preceded by a Board tour of the treatment plant and intake.

Minutes

MOVED BY Bryan Klaseen
SECONDED BY Bob Tramp to accept the August 9, 2004 Minutes as sent to the Board
MOTION CARRIED with no opposing votes.

Financial Report

Bryan Klaseen asked about an expense of \$815.00 for a discharge permit. Dan Hawkins explained said it is for the permit to discharge from the backwash pond into Surface Creek. The expense will recur annually.

Jerry Figueroa asked about the status of the CWCB Loan. Dan Hawkins said that several draws have been made on the loan, starting with an initial payment of \$79,166 to cover work already done on the raw water system. He said about \$50,000 remains available in the CWCB loan, and that it will probably all be used to complete the raw water system. He said there is a delay of about three weeks after a pay request is made until the money is received. So far, this has not been a problem, as there has always been cash available to stay current with bills.

Dan Hawkins gave the board a written report of the current cash position regarding the treatment plant project. To date, \$985,955 has been spent on the project. Total money available to complete the project is \$342,965. This is barely enough to cover the estimated remaining cost.

Bryan Klaseen asked about the amount of the grant from the Colorado River District. Hawkins said it was \$15,000, paid ½ up front, and the remainder upon completion of the project.

Bryan asked about the high repair bill on the Dodge truck. Hawkins said the turbocharger failed.

MOVED BY John Hawkins
SECONDED BY Bryan Klaseen to accept August 2004 Cash Flow Report.
MOTION CARRIED with no opposing votes

End Of Month/System Usage Report

The Board reviewed the EOM Report. Three new taps were sold in July. Dan Hawkins said there is still doubt that tap sales will reach the budget forecast.

Other

Bob Tramp suggested that the Association consider offering second taps at a reduced rate to those who are operating two dwellings on a single tap. He suggested an amnesty period during which the reduced price would be available. There was discussion, but no action was taken.

Meeting Adjourned: 9:30 p.m.

Respectfully Submitted: *Dan A. Hawkins*
Dan A. Hawkins, Secretary - Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

SUMMARY OF SPECIAL BOARD MEETING
(Executive Session)
August 18, 2004

The Board met in executive session at 7:30 p.m. to hear a report from Mark Hermundstad of Williams Turner and Holmes, a Grand Junction law firm. Mr. Hermundstad had been asked to research the possibility of the Association getting paid by the Town of Cedaredge for its 20% interest in the common system.

Mr. Hermundstad said he had spent approximately three hours looking into the matter, and did not feel he was prepared to do more than offer some initial impressions. He said there could be some legal references that he had not yet found which could change his opinion.

He said the Association and Town were not involved in a partnership or a joint venture, as legally defined. The relationship is a joint ownership of property - the common system. The appropriate legal action, therefore, is a partition suit. In such an action, the Association asks the court to appoint a commissioner (or more than one) to decide how the property should be divided. He said in most cases, the property is sold, and the proceeds are divided. In this case, the common system could probably not be sold on the open market, so that solution is not feasible. He said it would be difficult to predict what a court or commissioners would decide to do in this case.

In response to questions from the Board, Mr. Hermundstad said:

- A third party, such as Orchard City, could buy the Association's interest in the common system. That would relieve the Association of its obligations under the operating agreement with the Town.
- The operating agreement is in effect as long as the Association is a joint owner of the system. This means the Town can attempt to bill the Association for capital improvements. However, he said the Association can probably be protected by the clause requiring agreement before any expenditure.
- If a monetary judgement is made in favor of the Association, it might be impossible to collect if the Town pleads that it does not have the money. He said any judgement against a governmental body can be difficult to enforce.
- A more thorough job of legal research will take 20-40 hours at \$165 per hour.

After Mr. Hermundstad left the meeting, the Board discussed the matter at length. It was decided to invite Aaron Clay to attend a special Board Meeting to discuss the same points, plus any other ideas he might have before deciding on a course of action.

This summary is not intended to be official minutes. It is presented to the Board as a review of the meeting as perceived by the Secretary.

 Dan A. Hawkins, Secretary-Treasurer.

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 13, 2004

Jerry Figueroa called the meeting to order at 7:33 p.m. Board members present were: Jerry Figueroa, Herman Kline, John Hawkins, Bob Tramp, Kelly Peterson, and Bryan Klaseen. Also present were Dan and Helen Hawkins.

Minutes:

The minutes were provided to the Board before the meeting. Hearing no corrections or additions, the chairman declared them approved as written.

Financial Report:

Bob Tramp asked about the premium for property insurance. Dan Hawkins said that the Insurance Center, who handles the Association's property insurance, has recently changed underwriters. The premium paid possibly represents a year's coverage on all property and liability, but we are not sure yet, because the Insurance Center believes an error was made in billing, and is working to straighten it out.

Jerry Figueroa asked Dan Hawkins if he is satisfied with the services of the Insurance Center. Hawkins said he is, that he deals mostly with Brad Percefull, who is always helpful.

Hearing no objections, the chairman declared the Financial Report accepted as presented.

End of Month/System Usage Report:

The report showed that four taps were sold in August, bringing the total for the year to 16. Dan Hawkins said the monthly water audit showed an 11 per cent loss of water that is unaccounted for. John Hawkins said that less than 15% is considered good

Right of Way Proposal from Richie Hall:

Dan Hawkins showed on the map where a 40-acre parcel is located on Redlands Mesa, owned by Richie Hall. The property is about ¼ mile east of the intersection of 2900 Rd. and Redlands Mesa Road. Mr. Hall says he intends to buy a tap and build a home on the vacant property. He has offered the Association an easement through his property, and would like to be compensated by the Association building a pipeline from Redlands Mesa Road to his property, a distance of about ¼ mile.

Hawkins said the advantage to the Association in owning the easement is that a future pipeline may be built from Redlands Mesa Road to North Road, which is one mile south. The new line would intersect a four-inch line currently in place in the Rupp subdivision, about ¼ mile north of North Road. The future line would improve service to the Marshall Subdivision, the Rupp Subdivision, and the Three Amigos Subdivision, all located at the extreme east end of Redlands Mesa.

When asked what the cost of building the line as requested by Mr. Hall, Dan Hawkins said he estimated \$5,000 to \$7,000. He said because of treatment plant expenses, it would be nearly impossible to build the line this year. Kelly Peterson asked if Mr. Hall is in a hurry.

Hawkins said he says he plans to buy a tap and install it this fall.
After further discussion, it was

MOVED BY Kelly Peterson

SECONDED BY Jerry Figueroa to tell Richard Hall that the Association is interested in his proposal, and will table the matter until the treatment plant is finished, and finances can be evaluated.

MOTION CARRIED with no opposing votes.

County meeting concerning water well permitting:

Jerry Figueroa said he, John Hawkins, and Dan Hawkins attended a meeting at the Delta Courthouse concerning the permitting of water wells. The principal speaker was LuAnne Beasley, who is charge of issuing permits in this district. She said she generally accepts the word of applicants who state that there is no domestic water system able to supply them. This has resulted in numerous wells being permitted in our service territory.

Dan Hawkins said a letter was sent to Ms. Beasley nearly a year ago, requesting that the Association be allowed to comment on well permits. A map of our service territory was also provided.

Jerry Figueroa said many people at the meeting expressed concerns over the well permitting process, for a variety of reasons, including harm to public water systems, harm to surface water rights holders, and harm to other well owners.

John Hawkins said he was not encouraged by the response of Ms. Beasley. He said it looks like the County is trying to formulate a policy toward water wells.

Treatment Plant:

Fence for lined ponds: Dan Hawkins said that the backwash ponds are finished except for the liners. Before they can be installed, a deer fence will be needed to prevent damage to the liners. The Division of Wildlife has said they will not provide fencing materials for this project, as they typically do for orchards and hay stacks. The Association can however, purchase the materials at cost. Bryan Klaseen asked how much fence is required. Hawkins said 660 feet.

Pall equipment error: Hawkins reported that the air compressors supplied and shipped by Pall were wired for the wrong voltage. When notified of the error, Pall said that compressors of the correct voltage were not available. They offered to supply a transformer to step down the voltage to a level that can be used by the compressors they sent. Hawkins said he thinks this is an acceptable remedy, if Pall agrees to a price reduction in addition to supplying the transformer. This is to cover the additional wiring costs.

Engineering: Hawkins said Ute Engineering has been sold. The new owners are Tom Cope and Greg Bowdish. Bob Basher, who has produced the drawings of the treatment plant, is still employed at this time. Hawkins said that during the time of the changeover, some critical engineering work was not done. Plans and specifications for the backwash ponds were never delivered. The ponds were designed by the Association employees with help from Peterson Excavating. Also, specifications were not provided for pipe support beams inside the plant. Hawkins said he relied on advice from Doughty Steel, and went ahead and ordered the beams. Hawkins said he intends to express his displeasure to the new owners.

Legal Situation:

Dan Hawkins gave the Board a written summary of the points discussed between the Board and Mark Hermundstad concerning the breakup with the Town of Cedaredge. He said he had given Aaron Clay a similar summary, and asked that he to be prepared to discuss the same points, and any other ideas he might have. A meeting is scheduled with Aaron Clay on September 22.

Other:

Dan Hawkins said he estimates the change of addressing in Delta County will cost the Association at least \$2,000. A large expense is the request for locations of underground utilities transmitted by the UNCC. Since the County is installing signs for all addresses, a notification is sent out for each one. These cost the Association nearly a dollar each. Hawkins said he does not expect to be able to comply with all the locate requests.

Meeting Adjourned: 9:30 p.m.

Respectfully Submitted: *Dan A. Hawkins*
Dan A. Hawkins, Secretary- Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 11, 2004

Jerry Figueroa called the meeting to order at 7:29 p.m. Board members present were: Herman Kline, Jerry Figueroa, John Hawkins, Bob Tramp, Kelly Peterson, Ellis Fritchman and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins and Marianne McPherson.

Minutes:

Dan Hawkins read the minutes of the September board meeting. Hearing no corrections or additions, the chairman declared them approved as read.

Financial Report:

Dan Hawkins explained that the \$400.00 Water System Fee will be an annual fee from the Colorado Department of Health. This will be in addition to the annual fee for the backwash pond discharge permit.

Hearing no objections, the chairman declared the Financial Report accepted as presented.

End of Month Report/System Usage Report:

Two new taps purchased: Vern Johnson of Redlands Mesa and George Erickson of Sage and Cedars Subdivision on Cedar Mesa.

Dan Hawkins said the monthly water audit showed a very low amount of unaccountable water usage, less than two percent. He said this could be due to master meter error. There was some speculation that there could have been theft going on during the summer, when unaccounted water was more than ten percent.

Caliche Heights Major Subdivision - Marianne McPherson:

Mrs. McPherson presented a sketch plan to the Board which proposed an 18-lot major subdivision on her Cedar Mesa property situated south of McPherson Road, and bordered by 2525 Road on the west and Peach Road on the east.

She pointed out that some revisions had been made to lot numbers and development phases since the sketch was printed. She said she was trying to sell the property whole, and will not do the subdivision if it sells intact.

Dan Hawkins said the source of water would be the four-inch pipeline on the east side of 2525 Road. He said there is also a 2½-inch pipeline on the east side of Peach Road, but it is not adequate to serve the subdivision. He said a new line should be run through the subdivision, connecting the 2525 Road and Peach Road lines, to ensure circulation.

Kelly Peterson said the Fire District is now recommending six-inch pipelines through major subdivisions for adequate fire suppression. There was discussion of the cost of the pipeline, which was estimated to be at least \$30,000, plus the cost of taps to cover the initial phase of development. Mrs. McPherson said the first phase is planned for six lots.

Bryan Klaseen asked Mrs. McPherson if she has any water that could be made available to the Association. She said she is willing to discuss this as negotiations continue. Bryan pointed out that neighboring water providers are requiring water shares as a condition for serving major subdivisions, and that the Association has discussed this also.

MOVED BY Kelly Peterson

SECONDED BY Bob Tramp that the Manager send a letter to Delta County Planning stating that the Association can serve the Caliche Heights Subdivision subject to negotiations.

MOTION CARRIED with no opposing votes.

Summons to Small Claims Court - Brad LeVay:

Dan Hawkins reported that the Association was served a summons to Small Claims Court in Delta for a trial on November 19. Brad LeVay asks the Court to order USCDWUA to move its pipeline which crosses a corner of his property on 2525 Road north of McPherson Road. Hawkins also presented the board with copies of letters he has written to LeVay explaining the Association's position, and quoting a price of \$4,300 to move the line.

Hawkins said he consulted with Aaron Clay. Clay said the suit does not have a chance of succeeding for two reasons: it asks for injunctive relief, for which the proper venue is District Court, not Small Claims Court, and besides the suit is without merit. He said he can represent the Association at trial if desired. He will need to notify the Court of his intent to appear at least ten days prior to trial. He said the estimated cost of his services would be \$200-\$300.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to hire Aaron Clay to represent the Association in the matter of Brad LeVay.

MOTION CARRIED with no opposing votes.

Treatment plant:

Financial update

Dan Hawkins reported that a total of \$1,070,705 has been spent on the treatment plant project to date, including property purchase. He estimated that nearly \$300 thousand will be required to complete the project. This equals all the cash currently available to the Association.

Hawkins said the Paonia State Bank has agreed to extend the limit on the construction loan. Hawkins said he plans to ask for an additional \$100 thousand to be sure there is enough.

Progress report

Dan Hawkins said the deer fence around the backwash pond is finished. Materials were purchased from the Department of Wildlife. The pond liner material is to be delivered and installed tomorrow (Oct.12).

Hawkins said all equipment is mounted inside the building, and work is progressing on piping and pipe supports.

Tap transfer to Kent Fischer:

Dan Hawkins said he visited the Kent Fischer property to ensure that the USCDWUA tap is not serving the second residence, and that there is no apparent interconnection between the well and the public supply. It was the consensus of the Board to proceed with transfer of the tap from Blake Davy to Kent Fischer.

Other:

It was agreed to change the Board meeting time to 6:30 p.m. during standard time.

Meeting Adjourned: 10:15 p.m.

Respectfully Submitted


Dan A. Hawkins, Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 8, 2004

Jerry Figueroa called the meeting to order at 7:35 p.m. Board members present were Bob Tramp, Herman Kline, Ellis Fritchman, John Hawkins, Jerry Figueroa and Kelly Peterson. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

An error was pointed out on page one paragraph eight. The sentence should read "...and will not do the subdivision if it sells intact."

Hearing no objections the chairman declared the Minutes accepted as corrected.

Financial Report:

The first line incorrectly dated the report as July 31, 2004. It should have read September 30, 2004

Dan Hawkins pointed out that the balance of past due accounts was significantly lower than last month. He said several taps had been turned off. He said the largest past due amounts are for houses that have been abandoned, or taps that have not yet been installed.

There was a discussion on the problems of past due accounts. Dan Hawkins said they do not represent a financial liability, because the amount due is eventually collected when the tap is transferred to another owner. He said the penalty charges add up to a substantial rate of interest. Bob Tramp said he was not sure the bylaws provided for the assessment of penalty charges.

Hearing no objections, the chairman declared the Financial Report accepted as corrected.

End of Month Report:

Two taps were sold during October. So far in November, one has been sold. Meters were not read in the month of October, due to time limitations and the rainy weather. There was low usage through the master meter, about the same as a typical winter month.

There was discussion of the idea that water is being stolen during the summer months. The problem will be addressed when there is more time to investigate.

Property Tax:

Dan Hawkins said the treatment plant property was advertised in the Delta County Independent for delinquent property taxes. This was in error, as the Association is exempt from property taxes. The County Treasurer's office apologized, and confirmed that the property is tax exempt.

Meeting with Cedaredge officials at diversion box:

Dan Hawkins reported on a meeting at the diversion vault, which he scheduled with Cedaredge Public Works Supervisor Gary Noah. The purpose was to explain the Association's plan to connect the treated water line from the new treatment plant into the box. Hawkins said he was surprised that Mayor Bill Miller, Town Administrator Gary Simpson, and Town employee George Fulton also came.

Hawkins said the Cedaredge officials did not express any fundamental objection to the USCDWUA plan, but did have some reservations about the diversion vault being the most appropriate point for an emergency interconnect between the two systems. It was suggested that the point where the Town and USCDWUA pipelines cross Ute Trail Road would be better. George Fulton talked about measures to ensure that the Association does not inadvertently continue to draw water from the common system. A locked valve was agreed upon, and it was agreed that the USCDWUA master meter would be left in place indefinitely to monitor any such usage.

Hawkins said Mayor Miller told him he had appointed a negotiating committee to begin talks with USCDWUA about separating the two entities and ending the operating agreement. Hawkins said he felt the general tone of the meeting was conciliatory.

Treatment Plant Report:

Dan Hawkins said the lack of permanent power in the building is slowing down progress. The central heating system is finished, but is waiting on power to start up, making it necessary to use portable propane heaters to keep the interior above freezing. Delta-Montrose Electric has demanded an additional \$1,300 to extend the existing power line to the building. This is said to be because the initial design did not allow for enough distance between the DMEA transformer location and the point of entry on the building. It was decided it will be cheaper to relocate the existing DMEA transformer to a point next to the building than to run secondary wiring from the current transformer to the building. Hawkins said he is awaiting a scheduled date to get this done.

Hawkins said he is frustrated by the performance of DelRose Electric, the plant wiring contractor. He said they have had trouble meeting schedules, and progress is slow. Hawkins said he is also disappointed in Ute Engineering since it was sold by Leroy Black. Since the change in ownership, no new work has been done, yet Ute Engineering submitted a bill for \$5,000. Hawkins said he is waiting to pay this bill until an understanding is reached about how the engineering contract is being carried out.

Hawkins said Paonia State Bank has agreed to extend the limit on the present construction loan. Hawkins said the project is likely to require an additional \$50,000.

Subdivision:

Marianne McPherson has withdrawn her proposed Caliche Heights major subdivision for the time being.

Surface Creek Area Water Project:

Jerry Figueroa reported that an organization is being formed to promote water projects of benefit to the Surface Creek Valley. He said the group will seek funding and support for emergency interconnections between neighboring water systems, for improved storage of domestic and irrigation water, and for the Cactus Park Reservoir. He said the group is forming a steering committee which would include representatives from the various irrigation and domestic water entities in the region. He is seeking a representative from USCDWUA. He asked Dan Hawkins to serve, but Dan has declined, at least while the treatment plant project is still demanding so much time. Jerry asked other board members to consider serving on the committee, and described the benefits he believes such an organization can bring to the valley.

Preliminary 2005 Budget:

Dan Hawkins presented a preliminary budget for fiscal year 2005. He explained that most of the figures for 2004 are estimates, since the year is not over yet. He said he wanted the Board to think about the budget and be prepared to adopt a final version at the next Board meeting which would be presented to the stockholders at the annual meeting.

Several board members expressed concern that the operating margin of income over expense is so close. Bob Tramp pointed out that the only way to meet the principal portion of the debt service is to use money from tap sales. There was discussion of raising monthly rates. It was generally agreed that it would be desirable to leave rates where they are, if possible.

Other:

The trial at Small Claims Court, in which Brad LeVay seeks to force the Association to remove a water line from his property, will be November 16, 2003 at 1:00 p.m. Dan Hawkins said Aaron Clay will be present to represent the Association. Aaron has told Hawkins that the case will most likely be dismissed by Small Claims Court because it is not the proper venue for the action. He said if Brad LeVay wishes to pursue the lawsuit, it will have to be done in District Court.

It was agreed that the next Board Meeting would be on December 9, 2004. The Annual Meeting is December 14, 2004. Directors whose terms expire are John Hawkins, Jerry Figueroa, and Herman Kline. Jerry said he is under increasing pressure from his employer, the Colorado Division of Water Resources, to resign his board positions. He has not yet decided how to respond to this.

Meeting Adjourned at 9:30 p.m.

Respectfully Submitted



Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 9, 2004

Jerry Figueroa called the meeting to order at 6:33 p.m. Board members present were Ellis Fritchman, Herman Kline, John Hawkins, Jerry Figueroa, Bob Tramp, Bryan Klaseen, and Kelly Peterson. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

The board read the minutes. Since there were no alterations or additions, Jerry Figueroa declared that the Minutes of the November 8, 2004 Board Meeting stood approved as written.

Financial Statement:

The Board reviewed the cash flow report for November 2004. Hearing no objections, Jerry Figueroa declared the report accepted.

End of Month Report:

Dan Hawkins presented the End of Month Report, and pointed out that there had been four new tap sales.

Brad LeVay Pipeline Situation

Dan Hawkins reported that he appeared in Small Claims Court November 16 to answer Brad LeVay's lawsuit to force the Association to move the pipeline on his property. Hawkins said the judge refused to hear the case, saying that District Court was the proper venue. The judge also advised the parties to negotiate a settlement.

Hawkins met with LeVay immediately after the trial, along with Aaron Clay, John Hawkins, and Herman Kline. The discussion failed to produce any definite agreement. Aaron Clay suggested that a good compromise would be to split the quoted price of moving the line with LeVay.

Hawkins said that a few days after the trial, Mr. LeVay came to the office and purchased two water taps for his subdivision. He offered to split the quoted cost of \$4,300 to move the pipeline.

The Board discussed LeVay's proposal at length. The general consensus was that the situation was not the fault of the Association, but it is probably in our best interest to get the line out of the way where LeVay intends to build a house, to avoid ongoing problems in the future.

MOVED BY Bob Tramp

SECONDED BY Ellis Fritchman to assume half the quoted cost of moving the pipeline, and to write a disclaimer making it clear that there was no wrongdoing on the part of the Association.

MOTION CARRIED with no opposing votes.

Construction report

Sykes fire hydrant and pipeline: Cliff Sykes is building about 600 feet of four-inch pipeline for his minor subdivision on the south side of Indian Camp Avenue. He has also purchased a fire

hydrant, which we have installed. Lynn Oliver is doing the excavation, and Sykes and Oliver are installing the pipe. All costs are being paid by Sykes.

Hartman fire hydrant and pipeline: Dale Hartman has constructed 900 feet of four-inch pipeline on Surface Creek Road. The new line extends west from the six-inch main line. He has also purchased a fire hydrant, which we have installed. Buck Huff excavating is doing the construction.

Outage Report:

On December 3, Panorama Heights Subdivision was out of water for about three hours due to a main line cut north of the subdivision. Gayle Brooks was digging a trench for an electric line on property he owns north of Panorama. Dan Hawkins said he had showed Brooks approximately where the line was, but since it has no tracer wire with it, it was not possible to precisely locate it.

Dan Hawkins said Brooks's property is part of an old subdivision that he had never heard of, but the lots are selling. There have been several inquiries about it.

Treatment Plant Report:

Dan Hawkins said the in-floor heat at the treatment plant is now operational, making for much more pleasant working conditions.

Hawkins said he had terminated Delrose Electric's work on the treatment plant. He said he and Dayton Myers have been dissatisfied for some time because of failure to meet promised dates, poor workmanship, and excessive damages to the building.

Hawkins said he has engaged San Juan Electric in Montrose. They have been at work for just over a week. It was necessary for them to redo some of the work that was done by Delrose because it was not up to code or didn't work the way it should. He said this will increase the cost of electric wiring beyond what was expected.

Hawkins said the field representatives from Pall visited the plant last week. They felt the plant was far enough along to begin startup the first week in January.

2005 Budget and Annual Meeting preparation:

John Hawkins said he would like to have a presentation at the annual meeting to show the stockholders the treatment plant project. Dan Hawkins said he is thinking about that, and expects to be able to get something ready.

Dan Hawkins presented the proposed 2005 budget and 2004 cash flow report. A major discrepancy was noted in water treatment. We paid the Town of Cedaredge \$43,000 more than was budgeted. This was due to the ruling of the arbitrator.

At this time the Board went into executive session to discuss salaries.

After some alterations, the budget was accepted by the Board for recommendation to the stockholders at the annual meeting.

Meeting adjourned at 9:00 p.m.

Respectfully Submitted: Dan A. Hawkins
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board Organizational Meeting
December 14, 2004

Chairman Jerry Figueroa called the meeting to order at 9:25 pm. following the annual Stockholders meeting at the Cedaredge Community Center. He said the primary purpose of the meeting was to elect or appoint officers of the Association.

MOVED BY Kelly Peterson

SECONDED BY Ellis Fritchman to elect Jerry Figueroa as President, Herman Kline as Vice President, and to appoint Dan Hawkins as Secretary-Treasurer.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:30 pm.

Respectfully Submitted,


Dan A. Hawkins
Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
February 21, 2005

Jerry called the meeting to order at 6:32 p.m. Board members present were: Jerry Figueroa, John Hawkins, Herman Kline, Ellis Fritchman, Bob Tramp and Kelly Peterson. Also present: Dan Hawkins, Helen Hawkins, Lorraine Anderson, Rita Trinich, and Paul Chadwick.

Minutes of previous meetings

Board members had been provided with written minutes of three previous meetings: December 9, 2004 monthly board meeting, December 14, 2004 board organizational meeting, and the annual stockholders meeting. A correction was offered to the annual stockholders meeting minutes on page 2, fourth paragraph. The amount mentioned should be \$40,000 instead of \$40.

Hearing no corrections or additions, Jerry Figueroa declared that the minutes of the two board meetings stood approved as written. He said the minutes of the annual stockholders meeting would be approved by the stockholders at the next annual meeting.

Financial Reports

The board reviewed cash flow financial reports for December 2004 and January 2005. A correction was offered for the December report. On page 1, fifth section: The heading should be "Cash Spent on Operations" instead of "Cash From Operations."

MOVED BY John Hawkins

SECONDED BY Kelly Peterson to accept January 200~~4~~⁵ and December 200~~4~~⁴ Cash Flow Reports as corrected.

MOTION CARRIED no opposing votes.

End of Month Report/System usage Report

Dan Hawkins reported that we sold two new taps in December 2004 and four new taps in January 2005. He said that in December and January some water was wasted by filling and flushing the clear well and new treated water line. In January, one-third of the water was treated by the new plant, the remainder came from the Cedaredge plant.

Lead and copper analysis

Dan Hawkins reported that the Association is required to do a survey to determine the amount of dissolved lead and copper at the customers tap. Twenty samples must be submitted for analysis. The samples are drawn by the customer, because the water needs to stand still in the home plumbing for at least six hours, with the sample being the first draw of water. The purpose of the testing is to determine whether our water is corrosive to lead and copper.

Hawkins said a questionnaire was sent out to all members last year, and a group of twenty qualified houses were selected from that group. The houses must have copper pipes soldered with lead-based solder, preferably between the years of 1982- 1988. He said all samples have been collected, and results should be available in two weeks.

Lorraine Anderson tap

Rita Trminich, Lorraine Anderson, and Paul Chadwick were at the meeting to discuss transfer of the tap owned by Mrs. Anderson. Dan Hawkins reviewed the situation. The property where Mrs. Anderson lived in her mobile home was owned by her son Michael Anderson. There were two taps on the property, one issued to Michael and one to Lorraine. The property was foreclosed, and Mrs. Anderson removed her mobile home. The property subsequently sold to Paul Chadwick, with the Michael Anderson tap listed on the deed, but not the Lorraine tap.

Rita Trminich said she wants to buy the tap from Mrs. Anderson and move it to Cedar Mesa. She said it is a hardship for Mrs. Anderson to maintain ownership of a tap which she can no longer use.

Paul Chadwick said he is also interested in the tap. He said he has not yet attempted to buy it from Mrs. Anderson, but is willing to talk about it.

There was much discussion about who might try to exert a claim against the tap. Ellis Fritchman said Mr. Chadwick's mortgage holder would need to release the tap before it could be removed from the property. Rita Trminich said the tap is not listed on the property deed, and therefore not part of the property owned by Mr. Chadwick.

John Hawkins said the Association has been a part of some previous court cases where it was ruled that a water tap is an appurtenance, and therefore owned by the property owner. Kelly Peterson said the best solution would be for the tap to stay on the property and be transferred to Mr. Chadwick.

All three visitors left the meeting, agreeing to negotiate the matter among themselves. The discussion continued among the board members. It was generally agreed that the tap could be moved only if clear ownership is established first. An opinion given by attorney Aaron Clay last year was mentioned. He recommended that legal ownership be established before the tap is transferred to anybody.

Mautz/O'Connor tap

Dan Hawkins said this is a similar case of tap owners wanting to move a tap from property they no longer own. The property is a lot in "Willow Creek Ranchos" along Surface Creek Road. The tap was issued to Mr. and Mrs. Mautz and Mr. and Mrs. O'Connor. They are members of a family corporation. Another shareholder, Mr. Judovsky apparently was empowered to sell the property. He wants to transfer the water tap to the new owner. Mautz and O'Connor have so far refused to turn over the stock certificate. Hawkins said he has told Mautz, O'Connor, and Judovsky that the tap cannot be used anywhere except on the parcel it was assigned to.

The Board discussed, and decided there was no action to take, but to wait and see how the situation plays out.

Subdivision Report

"Hidden Mesa Estates" major subdivision - Gerhard Rueckert: Dan Hawkins said this proposal is to divide 35 acres into eleven lots. One lot contains the house where Mr. Rueckert lives, and is served by a well. The other ten lots are proposed to be served by the Association. The parcel is located northwest of the diversion vault which controls filling of the Milk Creek tank.

Hawkins said there is 36 psi of pressure available where the new treated water line from

the treatment plant enters the diversion vault. All the lots in the proposed development are level with or higher than the diversion vault. That means most lots will have less than 36 psi. Hawkins said he does not think that is adequate household pressure, and either a central pumping station or individual pumps would have to be used.

Jerry Figueroa said the Town of Cedaredge has enough pressure on its pipeline to serve the subdivision. Dan Hawkins agreed, saying it is 160 psi at the diversion vault. Hawkins said he does not know if Mr. Rueckert has approached the Town.

Ellis Fritchman said he does not like the idea of a pumping station. Several board members agreed, talking about problems with reliability and maintenance costs.

MOVED BY Herman Kline

SECONDED BY Jerry Figueroa to not serve the "Hidden Mesa Estates"

MOTION CARRIED with no opposing votes.

Construction report

LeVay pipeline relocation and extension: Dan Hawkins reported that Brad LeVay extended a four-inch pipeline across the south end of his subdivision at 2525 and McPherson Rd. He then proceeded to relocate the four-inch pipeline along the west side of his property. Bob Brewer did the excavation. The Association provided all materials and assistance for the relocation. After the project was completed, Mr. LeVay sent a bill for \$2,150, which he believed was the Association's obligation to assume half the cost. Hawkins said he told Mr. LeVay that the materials contributed were worth more than that, and he does not intend to pay the bill.

Treatment plant report

Startup: Dan Hawkins said the Pall service technician was at the plant for ten days to supervise the startup. He said there was no charge for additional days, because some of the delays involved problems with Pall equipment. The plant began part-time operation on January 18, and has operated 24 hours a day since January 22. He said there have been some problems, and one instrument has failed. Pall will cover it under warranty, but there is quite a delay in getting a new part. There have been no complaints about water quality, and several good comments. Most people were not aware of when the plant started operation until informed by the February newsletter.

Dan Hawkins showed the Board a laptop computer that was purchased to monitor the plant. The computer will be taken home at night by the operator in charge. Most functions of the plant can be controlled from the laptop, at any location where there is a phone line. When a serious problem occurs at the plant, an automatic dialer calls a list of telephone numbers repeating until acknowledged. The problem can usually be corrected from the laptop computer.

State inspection: Mike Havens, district engineer for the Colorado Department of Health, inspected the plant on January 27. He advised us to notify the Denver office immediately that we are no longer a consecutive system purchasing water treatment from the Town of Cedaredge. He did not mention anything negative about the plant, and seemed pleased with the inspection.

Project Cost: Dan Hawkins gave the board a printed summary of the treatment plant project cost. The total is \$1.34 million. He said the only major piece of equipment yet to be installed is the backup generator.

The Paonia State Bank agreed to extend its loan to a total of \$730 thousand. This will enable us to make the final payment to Pall of \$236,000 and purchase the generator. It also pays off the balance of the loan at First State Bank of Hotchkiss. This loan was due to be paid in full this year. Hawkins reported the total indebtedness of the Association as follows: Paonia State Bank - \$730,000; CWCB - \$163,802; Total - \$893,802.

Other:

Orchard City Proposal: The Board reviewed a letter from Orchard City Manager Ike Holland proposing that plant operators from USCDWUA, Cedaredge, and Orchard City agree to fill in for each other when the regular operator is absent. Several board members felt that the wording was too broad, and could be interpreted to include vacation times, or other situations other than true emergencies. The matter was tabled until more precise language can be worked out.

Town of Cedaredge: Bob Tramp suggested that we attempt to negotiate with the Town as soon as possible. Herman Kline said he thinks the whole board needs to be involved in any meetings, rather than a committee.

Missing Subdivisions: John Hawkins said he saw a notice in the newspaper of some subdivisions that the Board has not discussed. Dan Hawkins said he does not think we have been getting notified of all of them, and agreed to look into it.

Meeting adjourned at 9:45 p.m.

Respectfully Submitted: 
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 14, 2005

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were Jerry Figueroa, Bob Tramp, John Hawkins, Ellis Fritchman, Bryan Klaseen, Herman Kline and Kelly Peterson. Also present were Dan Hawkins, Helen Hawkins, Vanessa Rueckert and Gerhard Rueckert.

Minutes

John Hawkins offered two corrections to the written minutes: on page two, concerning the Lorraine Anderson tap, the phrase "...where which Mrs. Anderson lived...." is changed to "...where Mrs. Anderson lived..." On page four, second paragraph, the amount to be paid to Pall Corporation is changed from \$236 to \$236,000.

MOVED BY Ellis Fritchman
SECONDED BY Bob Tramp to accept the February Minutes as corrected.
MOTION CARRIED with no opposing votes

Financial Report

Herman Kline remarked that the heating bill for the treatment plant seems high. Dan Hawkins said better weather stripping had been installed at the bottoms of all the outside doors, which might help. John Hawkins asked about the payment to CWCB. Dan explained that it was for accumulated interest on the money used during construction. The repayment schedule to CWCB will not start until January 2006.

MOVED BY John Hawkins
SECONDED BY Ellis Fritchman to approve the February cash flow report.
MOTION CARRIED with no opposing votes.

End of Month Report

Dan Hawkins reported that two new taps were sold, bringing the total for the fiscal year to eight. There was some discussion about water usage. The total system use for February was 4.7 million gallons, which was lower than expected.

Problem tap resolutions

Dan Hawkins reported that two contentious tap transfers discussed at the last meeting were resolved during the month. Paul Chadwick has purchased Lorraine Anderson's tap, so it will remain on the property where it is installed. Also, the Mautz/O'Connor tap was successfully transferred without further dispute.

Lead and Copper analysis results

The laboratory results from the batch of twenty water samples collected throughout the system show that the water does not promote the leaching of lead and copper from piping. All readings were well below the EPA "action level" except one. The exceptional sample was collected at the home of

Bob and Ginnie McNair on Redlands Mesa. Dan Hawkins said he knows the McNair home uses a filter, and he will try to find out if the sample was taken before or after the filter, which could have affected the results.

Hawkins said repeat samples will be taken from the same sites in the second half of 2005, there will be a chance to find out if the McNair home has consistently high levels of lead and copper.

Subdivision Report

Gerhard Rueckert: Mr. and Mrs. Rueckert addressed the Board, explaining that they have changed their plan to do a major subdivision in the area of the Milk Creek water tank, and are now planning to split a 35-acre parcel in two. The west lot will have their present residence, which is served by a domestic well. They requested a tap from USCDWUA for the east lot.

During discussion, it was explained that the Association line at that location has less than 40 psi pressure. This is not adequate household pressure, and is the reason the Association could not serve the previously proposed major subdivision. Mr. and Mrs. Rueckert said they understand this, and are willing to sign an agreement stipulating that the tap owner will be responsible for providing more pressure if necessary.

Dan Hawkins said in previous cases like this, a letter of agreement goes along with the tap, and is signed by the owners each time the tap is transferred. Hawkins said there are presently four taps on the system in which the owners have needed to put in pumps to increase pressure.

There was discussion of where to place the meter, whether to oversize the line for future demand, and whether easements were in place to allow a water line to be run to the Rueckert property.

MOVED BY Bryan Klaseen to sell Gerhard Rueckert a tap to be located at the discretion of the manager. A letter of agreement is to be signed by all present future tap owners to relieve the Association of the responsibility to provide adequate pressure in the residence.

SECONDED BY John Hawkins

MOTION CARRIED with no opposing votes.

Willard Anderson Minor- 24812 Cedar Mesa Rd.

Dan Hawkins reported that the Anderson property is about 18 acres located on the south side of Cedar Mesa Road just east of the intersection with Cactus Park Road. There is an existing house with a water tap, which will be kept with two or three acres as Lot 1. Lot 2 will be 16 or so acres, and will need a water tap. The available source is a four-inch line on the south side of Cedar Mesa Road, at the north side of Lot 1.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to approve a tap for Lot 2 of the Anderson Minor subdivision, subject to Association policies regarding tap commitments.

MOTION CARRIED with no opposing votes.

Mumis Minor-24835 Cactus Park Rd.: A re-subdivision of a lot in Deer Run Minor, which is immediately north of Sorrento Heights Subdivision on the west end of Cedar Mesa. The 10-acre lot is to be divided in two. The east lot, fronting on Cactus Park Road, already has a water tap. The west lot will be accessed by an easement across the front lot. One water tap is requested. Dan Hawkins

said the County Planning Commission has already met and approved this subdivision. Hawkins was at the meeting, and said a tap would be available, subject to Board approval. The water source will be a six-inch line on the west side of Cactus Park Road.

MOVED BY Kelly Peterson

SECONDED BY Bryan Klaseen to commit one tap for the Munis subdivision, subject to Association policies regarding tap commitments.

MOTION CARRIED with no opposing votes.

Isaac's Acres-18487 Surface Creek Road: Approximately 20 acres on the west side of Surface Creek Road are proposed to be divided into three lots. Lot 1 will be 16 acres and will retain the existing home, which has a USCDWUA tap. Lots 2 and 3 will require taps. Dan Hawkins said the County Planning Commission has already met and approved this subdivision. Hawkins was at the meeting, and said taps would be available, subject to Board approval. The water source will be a four-inch line on the east side of Surface Creek Road. Hawkins said there might already be a large enough line crossing the road to serve two additional taps, eliminating a new road cut.

MOVED BY Bryan Klaseen

SECONDED BY Bob Tramp to sell two taps to Isaac's Acres, subject to Association policies regarding tap commitments.

MOTION CARRIED with no opposing votes.

John Triebwasser-road construction: Dan Hawkins reported on a tour of a proposed driveway with Mr. Triebwasser and surveyor Ernie Schaaf. The property is located about one-quarter mile northeast of the rodeo grounds, on the east side of Surface Creek Road. The proposed driveway would access the bench above the Stanfield property. It will cross the Association's steel pipeline at two places. Hawkins said that the Board had rejected a similar plan by a previous owner, because it would cut too deeply into the hillside and interfere with the pipeline. He said the current plan would not endanger the pipeline, if it is built according to the surveyor's plan.

There was discussion of the condition of the pipeline in that area. Hawkins said the line was partially replaced three years ago, but one of the road crossings will be over the original line, which is 45 years old. It was generally agreed that it would be desirable to replace some more line before the road is built. Hawkins said he thinks there is enough six-inch steel pipe on hand to replace the section to be crossed by the new road.

MOVED BY Herman Kline

SECONDED BY Bob Tramp to allow John Triebwasser to cross the pipeline easement.

MOTION CARRIED with no opposing votes.

Construction report

Delta County-Hanson Road: The north and east segments of the Hanson Road loop are to be widened and paved this year. The County is replacing all the culverts under the road. One of them will leave a section of the six-inch high pressure Hoot Owl Valley line exposed while a culvert pipe is laid below it. Hawkins said he is concerned that the line will blow apart if too much is exposed. He

said he is looking at a way to isolate that section of line and take the pressure off while the culvert work is being done. He said the job will probably take two days because of the deep draw there.

The Board discussed the need to replace the 1¼-inch galvanized line that runs in the north side of Hanson Road. It was generally agreed that this should be a priority. It was also recalled that the budget anticipated the need to upgrade this line.

Outage report

Timberline Subdivision: On the first day of system flushing, a four-inch plastic line broke on Ute Trail Road. It is a part of the Timberline Subdivision pipeline, which has a history of problems, mainly due to poor installation and the use of couplings which tend to split easily. About eight homes were out of water for six hours. Dan Hawkins said he thinks a pressure reducing station needs to be installed where that line connects to the six-inch line, to hopefully prevent future breaks.

Highway 65: Hawkins reported that when the water was turned back on after fixing the Timberline leak, a pressure regulator stuck open, resulting in over-pressure on the downstream pipe. This caused a break in front of the CDOT maintenance barn on Highway 65. The CDOT building was the only tap out of water during the repair.

Town of Cedaredge

Dan Hawkins gave the Board his notes of a meeting with Gary Simpson, Town Administrator. Mr. Simpson had also provided his notes of the same meeting. Hawkins said he thinks it is the Town's strategy to prolong the discussion of a settlement at the administrative level for as long as possible. Hawkins said he would prefer that the matter be dealt with at the board level.

Hawkins presented a draft letter to the Town. There were several points in the letter which came under discussion, and alternate corrections were proposed. Finally, it was decided that the situation will probably not be resolved without legal action, and that a letter ought to be written by the Association attorney.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to have Dan Hawkins talk with Aaron Clay and ask Aaron to write a letter to Cedaredge stating the Association's desire to arrive at a settlement.

MOTION CARRIED with no opposing votes.

Other

Jerry Figueroa asked if any inquiries have been received from the Division of Water Resources prior to granting water well permits in the USCDWUA service area. Dan Hawkins said there were none. Jerry commented at length about the practice of granting augmentation plans for wells and other water diversions, stating his opposition to the practice.

Dan Hawkins said he would like to schedule a dedication of the new treatment plant in April, as it will be the 50th anniversary of the Association. Weather will be the main determining factor.

Meeting adjourned at 9:15.

Respectfully submitted:



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 11, 2005

Jerry Figueroa called the meeting to order at 6:37 p.m. Board members present were Herman Kline, Bob Tramp, John Hawkins, Jerry Figueroa, Bryan Klaseen and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes

The minutes of the March 14 board meeting were corrected to record that the meeting began at 6:40 p.m. not 7:40 p.m.

MOVED BY John Hawkins
SECONDED BY Bob Tramp to accept the March 14, 2005 Minutes as corrected.
MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins explained several expenditures for office equipment. They were for bookshelves, software, and a new desktop computer. Hawkins said the company database needs to be moved to a Microsoft Office system from the Paradox system now in use. He said it is becoming difficult to get support for Paradox, and there are few people who are familiar with it.

Hawkins said the payment made to Ute Engineering is not the final payment for treatment plant engineering. Five thousand dollars is still owed on the contract, and Ute still needs to provide as-built drawings for the treatment plant.

MOVED BY Bryan Klaseen
SECONDED BY Bob Tramp to accept the March Cash Flow Report
MOTION CARRIED with no opposing votes.

End of Month/System Usage Report

Dan Hawkins reported two new taps were sold. Ten new taps have been sold so far this year.

Water Testing

Dan Hawkins reported that results have been received on samples submitted for disinfection by-products. These tests look for a number of chlorine compounds. The level of these compounds found in the samples was well below the allowable limit.

Hawkins said the State Health Department has sent a schedule of water tests for the remainder of the year. The testing will cost about \$1,500 per quarter for the three remaining quarters. He said this is considerably more than what was budgeted. After the first year, it might be possible to reduce the testing frequency, depending on the results from this year.

Treatment Plant Report

Dan Hawkins said the sedimentation basin at Surface Creek and the sand roughing filters in the plant are now in use due to the increased turbidity in the creek. They are doing a good job of reducing the turbidity before the membrane filters.

Hawkins reported a problem with the Pall operating software that resulted in a loss of chlorine addition for several hours. The situation happened after a Pall technician re-programmed the software by telephone, to correct a faulty alarm. When the plant re-started, the chlorination system did not start up. Eventually, an alarm was sent out when a low chlorine level was detected. Although the low chlorine level did not persist long enough to constitute a violation of health regulations, it has probably contributed to some instances of bad taste and odor. Bryan Klaseen said he had noticed a taste and odor problem at his home.

Hawkins said two four-inch pressure relief valves have been ordered for installation at the inlet to the skids. This is to correct an ongoing problem of the filters shutting down due to high pressure surges when valves operate too quickly. He said a reducing valve made by Bermad which is intended for irrigation will be used. The cost will be \$1,200 for two valves. Jerry Figueroa asked if Pall is aware of the intended modification. Hawkins said Pall had actually recommended the regulators in early versions of their design drawings, but had agreed to delete them when assured that the raw water pressure would not exceed 45 psi. But it was learned that the skids shut down if pressure reaches 50 psi, which can easily happen when a valve closes.

Construction Report

Dan Hawkins reported that Delta County is finished working along Hansen Road for the time being, and is currently working on Tannin Road in the area of Pinyon Estates Subdivision. That road is scheduled to be widened and paved from Surface Creek Road eastward to the end of Tannin Road. It was necessary to move one water meter back from the edge of the existing road to make room. Also, we need to move a fire hydrant about twelve feet further back from the road.

Outage / Leak Report

Dan Hawkins reported that three water line breaks occurred during the month. The four-inch steel line coming up onto Cedar Mesa north of the Rodeo Grounds developed a rust hole. It required a tracked excavator to reach the leak, so Fred Houghton was hired. It was found that the pipeline is less than a foot deep in that area. There was evident damage from rocks piled on the pipe during installation. No taps were out of water during the repair.

The County road crew broke a four-inch PVC line on Tannin Road while excavating for a new culvert pipe. Two taps were out of water for two hours during the repair. Also, a fence crew from the prison broke a two-inch line while hand digging a post hole on Hansen Road. Water was out to five taps for about one hour.

Town of Cedaredge

Dan Hawkins asked the Board to review a draft letter written by Aaron Clay to the Town Board of Trustees and Mayor. It states the intention of the Association to sell its one-fifth share of the common treatment plant and asks the Town to make an offer.

There was considerable discussion. The consensus of the Board was that the main function of the letter is to attempt a settlement before going to court to seek a judgement. It was felt that a little more time should be allowed for the Town to respond.

MOVED By Bob Tramp

SECONDED BY Ellis Fritchman to send the letter to Cedaredge as written but change the date Cedaredge needs to respond to May 27, 2005

MOTION CARRIED with no opposing votes.

Other

It was agreed to change the meeting time to 7:30 p.m. during daylight savings.

There was a discussion about Phyllis Shields who has inquired about operating an RV park with one tap, rather than several. The board discussed the possibility of over sized taps etc.. Jerry said he was under the impression that Camp Cedaredge was a member. But John Hawkins explained that they did approach us years ago but they are not on our system.

There was a discussion of the anticipated high water in Surface Creek during runoff. John Hawkins urged that preparations be made at the intake to be sure excess water can spill over the east bank of the creek without trashing up and flooding the intake structure.

Meeting adjourned at 9:10 p.m.

Respectfully Submitted:



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 9, 2005

Jerry Figueroa called the meeting to order at 7:35 p.m. Board members present were John Hawkins, Herman Kline, Jerry Figueroa, Ellis Fritchman, Bryan Klaseen and Kelly Peterson. Others present were Dan Hawkins, Helen Hawkins and Pam Simpson.

The chairman suggested that, as a courtesy to Pam Simpson, the board hear her concerns before proceeding with the regular meeting. Ms. Simpson said she is a Realtor representing property on the "hogback," a ridge running southwest from Cedar Mesa, lying east of the high school and golf course.

A developer is interested in dividing the property into perhaps 50 lots, and is inquiring about the availability of domestic water. Ms. Simpson said she has consulted the Town of Cedaredge, and they are not interested in serving the property. She said access to the property will come off the Cedar Mesa grade just south of the Rodeo Grounds.

Dan Hawkins said it would be necessary to extend the six-inch line from the Sorrento Heights subdivision entrance, run it south on Cactus Park Road, then west on Cedar Mesa Road to join with the four-inch Panorama Heights line. This would grid the system together, and improve the capacity. This, together with a new line running along the hogback, would require 7500 feet of new pipeline construction, estimated to cost \$20 per foot.

Jerry Figueroa asked the Board if they would feel comfortable serving fifty new lots. John Hawkins said he is not sure we could do it without some improvements to the system, such as the proposed Cedar Mesa tank. Jerry explained to Ms. Simpson that the developer will be expected to pay for any necessary upgrades to the system, as well as all piping in the subdivision. He also said the Board would consider asking for some water as part of an agreement. Several board members said they believe the Association can serve the subdivision, but the developer needs to come before the Board with specific plans before a firm agreement can be reached.

Pam Simpson said she would relay the information to her client, thanked the Board, and left the meeting.

Minutes

The board read and studied the minutes.

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the April 11, 2005 Board Meeting Minutes as written.

MOTION CARRIED no opposing votes.

Financial Report

The Board discussed the property and liability insurance premium. Dan Hawkins said it is an annual premium. The insurance limits are as required by the CWCB loan and River District

grant.

MOVED BY John Hawkins

SECONDED BY Herman Kline to accept the April 2005 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month/System Usage Report

One new tap was issued to Martin Fiala for Lot 12 of Sage and Cedars subdivision.

Herman Kline remarked that there is quite a difference between the system usage as shown by the treatment plant meter and the usage through individual taps. Dan Hawkins said there was a leak reported today which is not repaired yet. He said there always seems to be a big difference in the spring, which he cannot account for.

Subdivision Report

MacFarlane Major, Cedar Mesa at 2550 Road and Cactus Park Road

Dan Hawkins said the subdivision was reviewed by the Board last year, and taps were approved. Dan MacFarlane, the trust administrator, has said he is about ready to buy three taps. Hawkins met with MacFarlane and County road supervisor Dan Sickles to talk about the relocation of the fence along the east side of 2550 Road. The County is going to move the fence away from the road to the new right of way line. This will overlap an easement that Bob MacFarlane granted to the Association for a new pipeline. Hawkins said it now appears it would be best if the pipeline is placed on the road side of the fence instead of inside the fence.

Jerry Figueroa said he would like to consider a policy of requiring developers to provide water shares for major subdivisions. John Hawkins said the concept has been discussed before, and a motion was adopted about ten years ago to require water from developers, but it has not been pursued. A question was asked about how much water is required for example, for a 20-lot subdivision. Dan Hawkins said it is usually assumed that a household will use one acre foot per year, but this is quite a lot more than the average use on our system.

Coslett Minor - west of Milk Creek Tank

Dan Hawkins said the Coslett Minor changed from a major subdivision at some time in the approval process. There are now two lots proposed south of the access road, known as V15 lane, and one lot north of the road. The north lot abuts the Town and USCDWUA main water line easements and the diversion vault. It is a triangle shaped piece of one acre or less. The water pressure available for the small lot is about 34 psi. The two larger lots are lower in elevation, so would have adequate pressure. Hawkins said he would prefer not to see the small lot developed, because it is so close to our facilities.

MOVED BY Kelly Peterson

SECONDED BY Bryan Klaseen to write a letter to Delta County stating that we will not serve the north lot of the Coslett Minor.

MOTION CARRIED with no opposing votes.

Water testing report

Microscopic Particle Analysis: Dan Hawkins said he ordered an MPA in order to make sure the membrane filter is removing algae, as it is supposed to. A written report has not been received yet, but the laboratory telephoned the information that the filters are removing 99.9999 percent of the 17 organisms that are potentially harmful. This is classified as "log 6" removal. The state standard for drinking water filters is a "log 3" removal, which is 99.9%.

Treatment Plant Report

Colored water problem: Dan Hawkins said an episode of colored water was the reason for getting the MPA. He and Dayton Myers thought algae could be accounting for the color. Instead, the color came from dead leaves in Surface Creek. The problem was solved by starting the addition of coagulant. He said there were several customer complaints about the color, but none were hostile.

Tampering at the sedimentation basin: Hawkins reported that a drain valve in the sedimentation basin at Surface Creek was opened, apparently at night. This allowed all the raw water to return to the creek, and the plant was out of water the next morning. A report was made to the Sheriff, and locks were changed at all the treatment plant and raw water facilities. Hawkins said the special key that was used to open the drain valve is no longer kept at the sedimentation basin, and is now locked inside the treatment plant.

Septic system finished: Hawkins said the rest room at the treatment plant is operational. Fred Houghton installed the septic tank and leach field, according to Ute Engineering's design.

Schedule open house: Dan Hawkins asked if the Board has a preference for when to hold an open house and dedication ceremony for the treatment plant. It was suggested that we be sure all the early operational glitches are resolved, and the weather is warm and dry. July was tentatively picked as the month.

Town of Cedaredge

The Board reviewed a letter from Mayor Bill Miller in which he asked if a time payment plan could be arranged in case the Town and USCDWUA could agree to a buyout of our interest in the common system. After discussion it was agreed by consensus to write a response to the Town affirming that a payment plan could be discussed.

Meeting adjourned at 9:32 p.m.

Respectfully Submitted



Dan Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 13, 2005

Herman Kline called the meeting to order at 7:38 p.m. Board members present were John Hawkins, Herman Kline, Ellis Fritchman, Bryan Klaseen and Kelly Peterson. Others present were Dan Hawkins, Helen Hawkins, Keith Loucks, Cindy Beach and David Beach.

Minutes

The minutes had been written and distributed to the Board prior to the meeting. There were no amendments or additions proposed.

MOVED BY Ellis Fritchman

SECONDED BY Kelly Peterson to approve the May 9, 2005 Minutes as written and distributed prior to the meeting.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins explained two items on the report. \$5,265.35 was received from Bolinger and Queen for excess 12" PVC pipe left over from the treated water line. There is still about 350 feet of pipe, which it is hoped can be returned also.

The expenditure of \$1824.06 for "Meter Installation Materials" was for a bulk purchase of meter yokes, which should be enough for about two years.

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to accept the May Financial Report.

MOTION CARRIED with no opposing votes.

End of Month Report/System Usage Report

Dan Hawkins pointed out a change in the method of correlating master meter readings with the total of individual meter readings in a month. The individual meters are read from the 18th through the 26th of the month. The master meter has traditionally been recorded at the beginning and end of the month. If there is a significant change in the weather after the individual meters have been read, then the master meter can show a different monthly total. The master meter is now recorded daily, and the monthly use can be correlated with the total of individual meter readings.

Hawkins reported that there were three leaks repaired during the month. One new tap was sold, to Willard Anderson on Cedar Mesa Road.

Subdivisions

Coslett Minor:

Dan Hawkins said he expected a representative of the Coslett Minor Subdivision, located

immediately west of the Milk Creek tank, to be at the meeting. The purpose would be to discuss the Board's previous decision not to serve the upper lot of the subdivision, due to its elevation, its small size, and its proximity to the diversion vault and water lines. Hawkins said he had discussed the subdivision with the County Planner, and it is apparently stalled due to other problems. The County is aware that USCDWUA does not intend to serve the upper lot.

Roberts Estate Partition:

Dan Hawkins explained that the Roberts Partition is a subdivision created in court to settle the estate of Verlin Roberts. The subdivision contains nine lots of various sizes, from two to twelve acres. It is located north of Panorama Heights Subdivision, on the west edge of Cedar Mesa. Hawkins said the subdivision was not subject to County approval, and the Association did not have a chance to comment on it. David and Cindy Beach are the owners of three of the lots. Keith Loucks is the Realtor representing the remaining lots for sale.

Hawkins said the four inch supply line for Panorama Heights Subdivision crosses the Roberts Subdivision. He has found no easement for the line, and the plat for the Roberts Subdivision does not show an easement, even though the water line is depicted on the plat. The line bisects five of the two acre lots, three of which are owned by Mr. and Mrs. Beach, and another by her mother. The fifth lot is owned by one of the Roberts heirs. Hawkins said he was concerned with the fact that there is no easement, and also felt that the line across the middle of the lots cuts into the possible building envelope.

Cindy Beach and Keith Loucks both said they believe the building envelopes will not be affected by the pipeline. The property slopes to the southwest, and houses will probably be built on the west side of the pipeline to get the view from the edge of Cedar Mesa. Cindy and David Beach said they would be willing to grant an easement, provided it could also be used by DMEA for buried power, and that the water line be located on the west side of the easement.

There was discussion of relocating the water line to lie within the sixty-foot access and utility easement provided in the subdivision. The problem is that the easement does not extend north to intersect the main supply line. Additional room would have to be obtained from Lot 6, the northernmost lot. It was generally agreed that neither the Association or the land owners wish to spend money to relocate the line at this time. However, if in the future the line needs to be upgraded, it should be moved to the easement provided.

MOVED BY Kelly Peterson

SECONDED BY Ellis Fritchman that the Association enter into an agreement with the owners of Lots 2, 3, 4, and 5 of the Roberts Estate Partition creating a 25-foot wide easement to be used for the existing USCDWUA pipeline and a future DMEA buried electric line. The centerline of the easement is to parallel the existing water line, and lie to the east of it. The Association is to obtain a survey of the easement alignment.

MOTION CARRIED with no opposing votes

Water Testing

Dan Hawkins reported that water test results have been received for the following groups of contaminants:

- Inorganic chemicals
- Synthetic organic chemicals
- Volatile organic chemicals

Hawkins said there were no violations of any maximum allowable levels. In fact, most of the substances were not detected at all. The testing cost about \$1,300 and will need to be repeated in the third and fourth quarters of 2005.

Construction/leak repair

Dan Hawkins reported the following water line leaks were repaired:

- David Stites property, north side of Indian Camp Avenue - failed plastic dresser coupling on a 2-inch PVC pipe.
- Q50 Road west of 2550 Road - rust hole in one-inch galvanized pipe.
- 2550 Road south of Q50 Road - rust hole in four-inch steel pipe.

Hawkins said that the agreement with Herman McDonald which gave the Association an easement for the new treated water line called for the McDonald tap to be connected to the new line. This provides McDonald with a pressurized tap so he will no longer need to pump water from a cistern. The pressurized tap connection requires about 450 feet of new pipeline plus a meter relocation. We are also rebuilding McDonald's fence along Surface Creek Road where it was removed when the treated water line was installed. Mr. McDonald has requested a fire hydrant on the treated water line, which he will pay for. It will be installed during the tap connection job. Peterson Excavating is doing the work.

Treatment Plant Report

Dan Hawkins reported that the chlorine dioxide generating system is working well, after much initial trouble. The benefits are that less chlorination is required, and a chlorine residual is maintained throughout the system. It will also help avoid problems from the interaction of chlorine and natural organic material in the raw water.

Hawkins showed the Board photographs of the creek intake during flood water. Sandbags were placed along the west side of the intake because the creek was about to wash over the top for a few days. Some erosion occurred on the west bank of the creek downstream from the intake. The bank will need to be protected by riprap after the water level goes down. Hawkins said the trash screens performed well during the high water, and seldom needed cleaning.

Town of Cedaredge

The Board reviewed a letter from Cedaredge Mayor Bill Miller stating that the Town is interested in discussing the purchase of the Association's 20% share of the common system. The Town has appointed trustees Bruce Bertram and Ed Marah to act on behalf of the Town in negotiating the issue.

Dan Hawkins reported that Bruce Bertram has requested a meeting this week, if possible. After discussion, a telephone call was made to Mr. Bertram and a meeting was set up for Wednesday, June 15 at Association headquarters.

Other

Dan Hawkins said Bob Tramp will not be returning to the board, as he has moved away from

the area. Hawkins suggested that Dennis Grunkemeyer may be a good replacement. It was agreed to contact Mr. Grunkemeyer to see if he is interested.

Dan Hawkins gave the board copies of a report concerning the Walkerton, Ontario water supply which experienced an outbreak of E. Coli bacteria. The incident caused seven deaths and made 2300 people ill. Hawkins said he felt the report was the clearest explanation he has seen of why we must do the things we do to protect our water quality.

Kelly Peterson reported there is a trailer above Parkwood Road with a hose hooked to it, apparently serving as a second residence.

It was agreed to hold a dedication and open house for the treatment plant on July 30. Invitations will go out to all shareholders in the monthly bill. Special invitations will be made to former board members and other people who were significant to the project or the history of the Association.

Meeting adjourned at 9:45 p.m.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 20, 2005

Jerry Figueroa called the meeting to order at 7:37 p.m. Board members present were: Herman Kline, John Hawkins, Jerry Figueroa, Ellis Fritchman, Kelly Peterson and Bryan Klaseen. Also present were Mike Mason, Judy Mason, Steve Hennessey, Dan Hawkins and Helen Hawkins.

Minutes

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to accept the minutes as written and distributed to the Board prior to the meeting.

MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins pointed out the final grant payment of \$7,500 received from the Colorado River Water Conservation District.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen to accept the June Cash Flow Report

MOTION CARRIED with no opposing votes.

Usage Report

Dan Hawkins reported the water audit for June showed more than 15% of the water produced was unaccounted for by meter readings. He said most parts of the distribution system have been walked looking for leaks, but none were found. Jerry Figueroa asked if master meters should be placed in different branches of the system to help track water flow. Hawkins said the meters and vaults are expensive. He said the time to do it would be when we are convinced the cost of the lost water exceeds the cost of master meters.

Subdivisions

Mason Minor Subdivision:

Mike and Judy Mason, along with Steve Hennessey, presented their plan for a minor subdivision on Cedar Mesa Road, about ¼ mile east of 2600 Road. The Masons reiterated their request, which had been made previously in writing, that Jerry Figueroa abstains from discussing or voting on the issue. The reason given was that Figueroa had previously opposed their subdivision, and had persuaded neighbors to oppose it also. Jerry Figueroa denied that he agitated neighbors against the subdivision, but acknowledged that he had opposed plans to use a well for the subdivision's water supply.

John Hawkins asked Jerry Figueroa if he had any personal interest in the subdivision, or any ownership interest in the property. Figueroa said no. He went on to say that he did not feel obligated to withdraw from discussion or voting, and did not plan to do so.

Judy Mason presented a sketch of the proposed subdivision, and a letter written by Dan Hawkins, dated August 28, 2003, which stated the USCDWUA conditions for serving a proposed minor subdivision. Hawkins said there had been a subsequent letter addressing the conditions for serving a major subdivision of the same property, after it was learned that the minor appeared to be the first phase of a 15-lot major.

Steve Hennessey said the major subdivision designation was made at the county level, and that the Masons do not presently plan a major subdivision. The current plat still shows fifteen lots. Hennessey said the minor subdivision consists of lots one through three on the plat.

Judy Mason acknowledged that a major subdivision might be done later. She said they will come before the Board again if that happens, to renegotiate. Jerry Figueroa said it is obvious a major subdivision is planned, and that the Association needs to take that into account in preparing to serve the minor.

Kelly Peterson asked how it was proposed to provide fire protection, since the line along Cedar Mesa Road is 2½ inch. Mike Mason suggested that a fire hydrant could be installed at the intersection of Cedar Mesa and 2600 Roads.

Bryan Klaseen asked how many taps are currently on the 2½ inch line, and if three more would overload it. Hawkins replied that there are around 25 taps connected to the line, and that none are complaining about poor service.

Judy Mason said she would be satisfied with the arrangement proposed in the letter of August 28, 2003. Kelly Peterson said costs have increased since then, and some figures might need to be updated.

Dan Hawkins said that an additional condition not in the original letter would be that construction is done by contractors approved by USCDWUA, and that construction costs are paid by USCDWUA, then reimbursed by the developer. This allows USCDWUA to properly account for upgrades and extensions to its system.

Kelly Peterson said we need to confirm with the County Planning Department what the current application is for. Jerry Figueroa asked for a letter from the Masons explicitly requesting domestic water for a minor subdivision. The Masons and Steve Hennessey left the meeting, and discussion continued.

It was agreed that the Manager confers with Delta County Planning to verify the nature of the subdivision application. Then, upon receipt of a written request from the Masons, to write a letter similar to the one of August 28, 2003, to be presented to the Board for review.

The matter was then tabled until next meeting.

Mel Anderson

Dan Hawkins reported that Mel Anderson has made application for a water tap on the north end of Redlands Mesa, above the upper tank. The tap will require pumping to serve it. A pump station is already in place, built by Ray and Sandra Boyle to serve their property, which is next to the Anderson parcel. When the Boyle tap was granted, an agreement was made giving USCDWUA the option to assume ownership and operation of the pump house and the water line to the Boyle meter. Ray Boyle wants the Association to assume ownership and operation.

Hawkins said he believes the pump capacity will need to be increased to serve two taps. He anticipated the cost would be \$2,000. He said he has informed Mel Anderson that he will need to pay for the upgrade, and has informed both owners that they will have a surcharge added to their monthly bill to cover the cost of operation and maintenance.

Kelly Peterson suggested that to increase capacity, we duplicate the pump and pressure tank that are currently in the pump house. That would increase the capacity, and also give redundancy. After further discussion the Board agreed to grant the Anderson tap, and to make a new agreement between Boyle, Anderson and USCDWUA, with all parties accepting the following conditions:

1. All initial upgrades to increase capacity will be paid for by Anderson
2. USCDWUA own and operate the pump station and the 2-inch water line as far as the Boyle and Anderson meters.
3. A surcharge will be added to the monthly water bills of Boyle and Anderson, sufficient to cover operating, maintenance, and future replacement.

Adrian Trninich:

Dan Hawkins reported that Adrian and Debra Trninich plan to purchase a part of Rita Trninich's property on the north side of Q50 Road west of 2550 Road. They have offered to provide an easement on the south side of their property for USCDWUA to build a new main line for Q50 road. In return, they ask if the Association will pay for part of the line construction that will be needed to serve their tap, to be located at the west end. The route of the line would be the same as the main line would take.

Hawkins said the present Q50 Road pipeline is under the pavement, and is old 1-inch galvanized. It leaks frequently. There are five taps on the line, all but one of which are on the south side of Q50 Road. The south side of the road is not very good for a pipeline route, because some of the houses are near the road, and there is little room.

Bryan Klaseen asked what size line we should install. It was generally agreed to go four-inch minimum, possibly six-inch. Bryan Klaseen suggested that Trninich pay for one-sixth of the cost of the main line, since he gets one-sixth of the benefit. The length of the line is estimated at about ¼ mile to the Trninich tap, but ½ mile to go all the way west to 2500 Road.

MOVED BY Ellis Fritchman

SECONDED BY Bryan Klaseen that the Association build a new main pipeline on the north side of Q50 Road, in an easement provided by Adrian and Debra Trninich. Trninich will pay one-sixth the cost of the line.

MOTION CARRIED with no opposing votes.

At this point, Gary Kensler called and reported being out of water. Dan Hawkins said he should go check the situation, since Dayton Myers is on vacation, and Chuck Moore is not yet very familiar with that part of the system.

It was decided to hold the August Board meeting on August 15th because Jerry Figueroa will be out of town on the 8th. The remaining agenda items, which covered construction and leak repair, treatment plant report, and new vehicle purchase, were tabled.

Meeting adjourned at 9:15 p.m.

Respectfully Submitted: 
Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 15, 2005

Jerry Figueroa called the meeting to order at 7:38 p.m. Board members present were Herman Kline, John Hawkins, Jerry Figueroa, Ellis Fritchman, Kelly Peterson and Bryan Klaseen. Also present were Dennis Grunkemeyer and Dan Hawkins.

Minutes

Written minutes of the previous meeting had been distributed to the Board by mail. There being no corrections or additions offered, chairman Figueroa declared the minutes accepted as presented.

Financial Report

Dan Hawkins pointed out an expenditure for a new pickup, a Chevrolet S10, 1997 model with 28,000 miles. The price was \$8,900. Herman Kline asked what the entry for "treated line" was. Hawkins said he was referring to the twelve-inch line between the treatment plant and the Milk Creek tank. The money spent was for the Herman McDonald service line, the installation of a fire hydrant, and final cleanup of the right of way, including replacing the fence.

Hawkins said the expenditure for "pipeline construction" was for an above-ground Surface Creek crossing below Ute Trail Road, at the Big Spruce church camp. He said the previous above-ground crossing was built after high water destroyed the original under-creek crossing in 1984. It was an emergency repair that had worked for 20 years, but had begun leaking last year. The new crossing is made of six-inch steel pipe, and was placed by a crane from Doughty Steel.

Kelly Peterson asked if the system was shut down to install the new pipe. Hawkins said no, because another crossing upstream kept water flowing. He said the new crossing is needed in the summer to supplement the Hoot Owl Valley line, but is shut down and drained during the winter.

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to accept the cash flow financial report for July, 2005.

MOTION CARRIED with no opposing votes.

Herman Kline suggested that Hometown Propane be contacted to get a quote on a locked price for heating fuel at the plant this winter.

End of Month Report/Usage Report

Dan Hawkins reported that two taps were sold in July, bringing the total for the year to 18. The budget is based on anticipated sale of 22 taps during the year. Jerry Figueroa said that Orchard City continues to sell taps (out of town) despite raising the price to \$18,000

Hawkins reported the water audit for July showed 17% of the water produced was unaccounted for by meter readings. He said the reason could either be slow residential meters, or an undiscovered leak. He said the error rate on many of the old meters is high, particularly at low flow rates. He said meters are replaced when they stop recording, or become impossible to read due to fogged lenses. He said about 30 meters per year are replaced, on average.

Jerry Figueroa asked what the revenue loss is to the Association due to slow meters. Hawkins said he does not know, but since meters tend to under-register at low flows, it is probably the homes with lowest use that have the most error. If that is true, the impact on revenue is probably minimal, because the majority of taps use less than 10,000 gallons per month.

John Hawkins asked if the master meters account for the backwash water. Dan Hawkins said the backwash water is subtracted out by the computer, and a daily report is generated of both finished water and backwash water. Jerry Figueroa asked if the water measured at the treatment plant agrees with the two distribution meters at the Milk Creek tank. Hawkins said they correlate pretty closely.

Board Vacancy

Dennis Grunkemeyer announced that he is available and interested in a seat on the Board to replace Bob Tramp, who has resigned and moved from the area. After several questions from the Board, Jerry Figueroa called for a vote on whether to appoint Dennis as a director. All board members present voted in favor. Jerry Figueroa welcomed him to the Board, and thanked him for his willingness to serve.

Mr. Grunkemeyer asked what the length of his term will be. Dan Hawkins said he will serve by appointment until the annual meeting this December. If he is reelected by the shareholders, his regular term will be two years.

Subdivisions

Mason Minor Subdivision:

Dan Hawkins presented a draft letter to Mike and Judy Mason, concerning water service to their minor subdivision on Cedar Mesa Road. The question had been tabled at the previous meeting to allow time to check the status of the subdivision with Delta County.

Jerry Figueroa questioned the need to require a \$3,000 contribution from the Masons toward upgrading the 2½-inch main line from 2600 road to the subdivision. Dan Hawkins said the line could possibly support three more taps. He said there are presently 27 taps connected to it, and none of them are reporting poor service, but 30 taps could be marginal.

There was considerable discussion about what the \$3,000 would be used for, if the Association did not upgrade the 2½ - inch line. Kelly Peterson pointed out that the Masons had suggested that a fire hydrant be installed at the intersection of 2600 and Cedar Mesa Road, and asked what changes would need to be made to do that. Hawkins said the materials to change the fittings and valving could cost the better part of \$3,000. Herman Kline said he felt that if the three additional taps degraded the service on the 2½-inch line, then the Association would be obligated to upgrade the line, and the \$3,000 would be put to use for that.

Jerry Figueroa said he would like to follow a consistent policy toward minor subdivisions, so that one developer does not get treated different from another. John Hawkins said the cases should be treated individually, as there are always special circumstances.

Ellis Fritchman said he would like to be sure that in case the Masons proceed with a major subdivision, and are expected to contribute more to the cost of a pipeline upgrade, the \$3,000 contribution would be deducted. There was discussion whether to put such a clause in the letter, but it was decided not to, in order to avoid the suggestion that the Association is committed to serve any major subdivision in the future.

MOVED BY Ellis Fritchman

SECONDED BY Kelly Peterson to adopt the letter of agreement with Mike and Judy Mason as drafted.

MOTION CARRIED with no opposing votes.

Steve Wolcott Minor Subdivision:

Dan Hawkins distributed a letter from Steve Wolcott of Paonia, requesting three water taps for his children, who own property north of Bob Phillips on 2600 Road, off the south end of Cedar Mesa. The property straddles 2600 Road, and they plan to have homes on both sides. Hawkins said the pipeline is on the west side of the road, but he believes it could cross to the east side, and be upgraded from the current 1¼-inch galvanized. The 1¼-inch pipe runs from the Kenneth Harfst tap on top of the mesa down to a pressure reducing vault which is the beginning of the new four inch line installed four years ago.

A map provided by Mr. Wolcott shows that the property runs down the west side of dry creek, across the bottom and up the side of Redlands Mesa. Hawkins said he had told Mr. Wolcott that the Association would probably not consider taps in the bottom of dry creek, but would be able to serve near 2600 Road, on top.

Kelly Peterson asked how much small galvanized line needed to be replaced. Dan Hawkins said it was about ¾ mile to the Harfst tap, where there is a 2½-inch galvanized line. It is another ¼ mile north from there to get to four inch line, for a total of about one mile.

Ellis Fritchman pointed out that the upgrade of the old line has been planned for three years, but was put aside for the treatment plant project, and to wait while the County road was realigned. Dan Hawkins said it is budgeted for this year, that we told the shareholders at the annual meeting that the line would be replaced this year. John Hawkins asked if we have the money to do the upgrade. Dan Hawkins said probably not, at this time. Kelly Peterson said it would be good if the taps could be bought this year, to help with the upgrade cost.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to grant three taps for the Wolcott property, on the condition that they are purchased within six months.

MOTION CARRIED with no opposing votes.

Heidi Bagus Split:

Dan Hawkins reported an inquiry from Heidi Bagus who is doing a minor split on the east edge of Redlands Mesa where the road descends into the Leroux Creek valley. A nine-acre parcel is to be divided off, lying east of the grade, on the side slope of Redlands. The nearest Association water line is about one-quarter mile south of the property. There was discussion of potential future taps in that area. Dan Hawkins said he receives periodic inquiries from individuals, but there has not been a community effort to organize a water system.

Jerry Figueroa observed that it would mean expanding the Association's service territory beyond what has been established. Bryan Klaseen asked what the current source of water is for the property. Dan Hawkins said the larger piece has a well on it.

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to deny a water tap for the Heidi Bagus parcel.

MOTION CARRIED, with Bryan Klaseen voting no.

Military Park Water

Dan Hawkins reported an offer from Arnold Ogden to sell two shares of Military Park water. The yield is 3.5 cfs per share, for a total of 7 cfs (14 af). The asking price is \$35,000. Jerry Figueroa said he understands that the reservoir is restricted. It was decided to investigate further into the condition of the reservoir, determine the assessments, and consider a counter offer.

Vehicles

Dan Hawkins reported the purchase of a 1997 Chevrolet S-10 pickup. The vehicle has 28,000 miles on it, and is four wheel drive. The purchase price was \$8,700.

Hawkins also suggested the Association look into the purchase of a snowplow vehicle for the treatment plant. He said about \$1,000 was spent last winter hiring snow removal. Herman Kline cautioned that snowplow duty is very hard on vehicles, and that it might be more economical to hire it out. Ellis Fritchman said it would seem important to be able to plow as soon as needed, when somebody else might not be available. It was generally agreed to look into the options.

Treatment Plant Report

Dan Hawkins said that the alarm dialer in use at the treatment plant is not always reliable. He thinks it should be replaced with a better model, that would provide more alarms, such as a low tank level at Milk Creek. He said the cost would probably be around \$1,500. It was generally agreed that the plant alarm dialer should be upgraded.

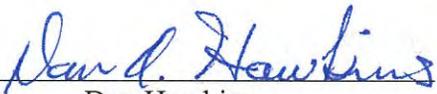
Employees and Salaries

Dan Hawkins asked who should be responsible for doing a salary survey, as proposed last year. Bob Tramp was going to do it, but has left the Board. It was agreed that the manager would do it, and have a report available in time for the 2006 budget.

Hawkins also said that Helen is wanting to gradually phase out of the office work over the next few years, and would like to begin training a replacement, perhaps next year.

Other

There was not other business brought before the meeting. Adjourned at 9:50 p.m.

Respectfully Submitted 
Dan Hawkins
Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 12, 2005

Jerry Figueroa called the meeting order at 7:30 p.m. Board members present were: Herman Kline, John Hawkins, Ellis Fritchman, Dennis Grunkemeyer, Jerry Figueroa, and Kelly Peterson. Also present were: Tim and Sharon Peterson; Betsy and David Koos; Debra Trninich, Keith Loucks, Dan and Helen Hawkins.

Minutes

MOVED BY Dennis Grunkemeyer
SECONDED BY Herman Kline to accept the written August 15, 2005 minutes as distributed to the Board.
MOTION CARRIED with no opposing votes.

Financial Report

Dan Hawkins reported that the expense for "Certification and Education" was for a seminar in Grand Junction, and to pay the fee for Chuck Moore's test to upgrade his water operator's license to a "C" grade. Chuck passed the test, and has received his certification. Hawkins also pointed out the payment for engineering, which was the final payment on the contract with Ute Engineering.

Herman Kline asked about the \$733 electric bill for the treatment plant. Hawkins said it was the highest yet this year. He said high water demand has caused more frequent backwashes, which use a 20 horsepower pump.

MOVED BY Herman Kline
SECONDED BY Dennis Grunkemeyer to accept the August 2005 Cash Flow Report
MOTION CARRIED with no opposing votes.

End of Month/System Usage Report

Dan Hawkins reported ten percent of the month's water usage is unaccounted for. One new tap was sold in August, bringing the total sales for the year to nineteen.

Subdivisions

David and Betsy Koos - Peach Road, Cedar Mesa: Mr. Koos said he and his wife have purchased a parcel of about 35 acres from Marianne McPherson. The property borders Peach Rd. (2550) on the east. The north boundary is ½ mile south of Cedar Mesa Road. They intend to divide the property into three lots, two of approximately 5 acres each, fronting on Peach Road, and one large parcel making up the remainder. Dan Hawkins said there are two possible sources of water, a four-inch line near the northwest corner on 2525 Rd., and a 2½-inch line running along the east side of Peach Rd.

Discussion was mostly focused on the availability of fire protection. The 2½-inch line would need to be upgraded for at least one half mile from Cedar Mesa Road to support a fire hydrant. An alternative suggestion was to connect to the four-inch line at 2525 Rd., running east along the north property line to Peach Rd.

Debra Trninich is also interested in the water supply for that area, because she is planning to subdivide her property at the south corner of Peach Rd., and would probably also need fire protection. It was suggested that the property owners could cooperate on upgrading and extending pipelines for their developments.

MOVED BY Kelly Peterson

SECONDED BY Dennis Grunkemeyer that USCDWUA will sell three taps to David and Betsy Koos, provided they build all necessary pipeline, using a contractor approved by USCDWUA, the fire protection issues are resolved with the appropriate authorities, and USCDWUA approves the final plat.

MOTION CARRIED no opposing votes.

Tim Peterson tap request - lower Dry Creek: Mr. Peterson told the Board he owns property lying within the Dry Creek Valley between Cedar Mesa and Redlands Mesa. He is contemplating developing part of the bottom of the valley, and would like to know if a new Association pipeline could be connected to the line on 2600 Road south of Ellis Fritchman, and run down the hill into the valley to serve taps there.

There was lengthy discussion about whether the bottom of Dry Creek at that location is within the established Association service area, and whether it should be included if it is not. Several directors expressed a reluctance to assume ownership responsibility of a pipeline going down a steep hillside. Ellis Fritchman said the hillside could potentially slide, causing a pipeline break.

Tim Peterson pointed out that the system has several pipelines on hillsides, such as the Redlands supply line. The response was that it is sometimes unavoidable, and only if the line is going to serve a substantial number of taps, which makes the maintenance cost easier to bear. After further discussion, Mr. and Mrs. Peterson left the meeting.

MOVED BY Jerry Figueroa

SECONDED BY Kelly Peterson that the Association will not extend the distribution system into the bottom of Dry Creek to serve future taps on the Tim Peterson property, but that taps may be connected to the existing main line on 2600 Road.

MOTION CARRIED with no opposing votes.

Nina Proios tap request - Cactus Park: Dan Hawkins reported that Ms. Proios owns property on both sides of the County Road running east and west through Cactus Park. She lives on the north side of the road, and intends to split off and sell the part on the south side. She has requested a tap for the south side, and is also curious to know if the property is likely to be flooded by the proposed Cactus Park reservoir project. Jerry Figueroa, who is knowledgeable about the project, said it can't be predicted at this time whether it will proceed. However, he said the proposed dam locations would probably inundate the Proios land.

MOVED BY Herman Kline

SECONDED BY John Hawkins to sell Nina Proios a tap.

MOTION CARRIED with no opposing votes.

Steve Ward Major - Dry Creek : Dan Hawkins reported that the Dry Creek Meadows major subdivision was first proposed three years ago, but was then placed on hold while an associated minor split was done, but is now back before the County. There are four lots, three along Cedar Mesa Road, and the fourth along Rimrock Road.

Hawkins gave the Board copies of the minutes of the Board meeting of July 14, 2003, where the subdivision had been discussed. At that time, it was decided not to allow any taps or fire hydrants connected to the eight-inch high pressure Redlands Mesa supply line. Instead, taps would be connected to the older 2½-inch line which runs along with it. If fire protection is required, it was proposed that the developer upgrade the 2½-inch line to four-inch, running from the existing four-inch lying west of the subdivision to a point satisfactory for fire protection.

MOVED BY Herman Kline

- ✓ SECONDED BY Dennis Grunkemeyer to specify the same terms as the motion in the previous meeting, which read, "to commit four taps to the Ward Subdivision providing the developer upgrade the 2-½ inch line to obtain fire protection and a successful resolution of any other issues affecting the Association."

MOTION CARRIED with no opposing votes.

Water Quality

Algae taste: Dan Hawkins said Surface Creek has a strong taste and odor of algae, and some of that is showing up in the finished water. The source is probably reservoirs on Grand Mesa, some of which are being deliberately drained for maintenance or to make room for spring runoff.

Chlorine dioxide system: Hawkins said the chlorine dioxide system was not functioning for about two weeks. This has probably affected the plant's ability to remove algae taste and odor. There were two problems, not enough water pressure to run the generator, and a bad drum of chemical. A new pump was installed, and a new drum of chemical was obtained. The system is now operational again.

Positive bacteriological sample: One of the three samples taken in August tested positive for coliform bacteria. Three repeat samples were taken within 24 hours, one of which was from the same site as the bad sample. All of the repeat samples were safe. Dan Hawkins said the problem is in the sample site, which is a flushing standpipe near the Cedar Mesa Ditch. Ditch water probably seeped into the bottom of the standpipe through the drain hole. Not enough pipeline water was flushed through the pipe before taking the sample.

Lead and copper: Hawkins said the results are back from the second round of lead and copper sampling, and there is no problem indicated. The participants in the lead and copper survey have all been sent a letter of thanks. The same sites will be used for semiannual testing for the next two years.

Other

Jerry Figueroa said that water was sucked from his home plumbing when a County water truck filled from a fire hydrant below his tap on 2600 Rd. He said the backflow prevention device in his meter is apparently not working. Dan Hawkins said the built-in check valves that have been incorporated in meter installations over the past 15 years are not easy to check or replace. It will be necessary to switch to a type of device that is easily replaceable and testable. Jerry said we need to have a presentation ready for the shareholders at the annual meeting to help decide how to fund the cross-connection control program which we are legally required to implement.

Herman Kline asked about progress on the pump station on Redlands Mesa for Boyle and Anderson. Dan Hawkins said the tap owners have signed an agreement specifying a monthly surcharge, and Anderson has paid \$1,000 toward upgrading the pump house. Work on the upgrade will get under way soon.

Respectfully Submitted: 
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 17, 2005

Jerry Figueroa called the meeting to order at 7:35 p.m. Board members present were Herman Kline, John Hawkins, Jerry Figueroa, Ellis Fritchman, Kelly Peterson, Bryan Klaseen, and Dennis Grunkemeyer. Also present were Dan Hawkins, Cliff and Cherrie Gilliam, and Tony Mercep.

Minutes

Written minutes of the previous meeting had been distributed to the Board by mail. After determining that there were no corrections, it was

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to accept the minutes as written.

MOTION CARRIED with no opposing votes.

After disposing of the minutes, Chairman Figueroa suggested changing the order of the meeting to hear from the guests. Dan Hawkins introduced Cliff and Cherrie Gilliam and Tony Mercep, owner of Aspen Trails campground. He said both parties were at the meeting to request taps along the west side of Highway 65 below the Colorado Department Of Transportation (CDOT) maintenance yard.

Cliff Gilliam said he is buying a 20-acre parcel which touches the southwest corner of the CDOT property. There are presently two Orchard City taps serving some cabins on the southwest side of the parcel. The Gilliams wish to obtain a USCDWUA tap to serve a new house they plan to build on the north end of the property. The Big Ditch cuts across the property between the Orchard City taps and the place where the proposed USCDWUA tap would be.

Dan Hawkins said the three-inch line on the west side of Highway 65 stops at about the middle of the CDOT property. It would need to be extended south about 300 feet to reach the spot where the Gilliams would want to place their meter. Their property does not front on Highway 65, but Mrs. Gilliam said they have obtained easement to run their service line from the meter to the property.

John Hawkins asked if Orchard City has any objection. Cliff Gilliam said he is on the Orchard City Town Council, and there would be no objection. He said the Orchard City tap is on a private line, and he would need permission from the other tap owners to add another tap, and he was not sure the line was adequate.

Tony Mercep then spoke to the Board. He said when he learned that Gilliams might be extending the main line, he became interested in obtaining taps for his property. Presently, the property is served by an Orchard City tap with approval for multiple use. Mr. Mercep said he plans to split the property three ways, with the campground and caretakers house on one lot, his mother's house on another, and build a new residence for himself on the third lot.

Bryan Klaseen asked Mr. Mercep if he could keep the Orchard City tap and use it for one of the lots. He replied that he was not sure, but if so, it would probably need to serve his mother's house, since that was the original use of the tap. He would then need taps to serve the campground, caretakers house, and his proposed new house.

There was considerable discussion of the multiple-use and commercial character of the campground. There are about 22 sites with water hookups, plus the store/snack bar. Mr. Mercep said the peak use can be 60,000 per month in the summer. He has a private pump and pressure tank system to supply enough volume.

The policy of one dwelling per tap was explained to Mr. Mercep. It was pointed out that, so far, the Association's customers are exclusively residential, and all taps are standardized at 3/4 inch. It was mentioned that the bylaws do allow the Board to establish larger tap sizes and different rates.

Bryan Klaseen said that the Association is going to need a policy on commercial taps. Others agreed, noting that there have been other inquiries recently. John Hawkins said the Association is better suited than Orchard City to serve Aspen Trails and neighboring property.

The Gilliams and Tony Mercep left the meeting, and the Board continued to discuss the issues. The consensus was that the Gilliam tap did not present any problem, so it was

MOVED BY John Hawkins,

SECONDED BY Herman Kline to grant a tap to Cliff and Cherrie Gilliam on the condition that they extend the main line from its present end point south to a point where their meter will be connected. The Association will pay for any oversize above two inch.

MOTION CARRIED with no opposing votes.

During discussion of the Aspen Trails taps, the need for a policy covering commercial or oversize taps came up repeatedly. Also, Ellis Fritchman noted that there also needs to be easements within the Mercep property to accommodate Association pipelines going to the separate lots. It was suggested that the manager meet with Mr. Mercep to arrange a suitable plan for running pipelines, and to research what is common practice for oversize taps. It was decided to suspend the discussion until the next meeting, to allow for this investigation.

Financial Report

The Board reviewed the cash flow report for September, 2005. After discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept the financial report as presented.

MOTION CARRIED, with no opposing votes.

End of Month/System Usage Report

Dan Hawkins pointed out there were four new taps sold in September, making 23 for the year. This is one more than the budget forecast.

Heidi Bagus Tap request

Dan Hawkins reviewed a request for one tap from Ms. Bagus, which had been denied at the previous month's meeting. She has changed her plan to require two taps, and would like to Board to reconsider. The property is on the east slope of Redlands Mesa, where Redlands Mesa Road drops off into Leroux Creek. There is no property owned by Ms. Bagus where a main line could be run from the existing dead end at the edge of the mesa. The only available route is via the County road. Ms. Bagus proposes to extend the main pipeline northward along Redlands Mesa Road to her property line, set the meters there, then run individual lines to the two lots.

During the discussion, the potential for serving parts of the Leroux Creek valley came up. Dennis Grunkemeyer asked if the Association could serve that area. It was explained that there are a few homeowners there who have requested service, but there has never been an organized community effort. Dan Hawkins said some more upgrades on Cedar Mesa need to be completed before the supply to Redlands is adequate to support much expansion off Redlands. Herman Kline asked if the system would support just the two taps for Heidi Bagus. Hawkins said yes. After more discussion, it was

MOVED BY Bryan Klaseen,
SECONDED BY John Hawkins to sell two water taps to Heidi Bagus for her property along Redlands Mesa Road, provided she pay for all main line extension necessary to reach her property.

MOTION CARRIED with no opposing votes.

Construction and Repair

Dan Hawkins reported on the following projects:

Redlands Pump House. The facility was upgraded by duplicating the existing pump and pressure tank with identical units. The insulation was soggy, and was replaced, and interior walls were installed. An electrical control panel was installed to run the pumps in parallel, but prevent simultaneous starts and stops.

Panorama Heights Leak. Hawkins reported that a glued 90-elbow in a four-inch main line failed. The elbow was covered with a large slab of concrete, which also encased a 7200-volt primary electrical cable. The cable was severed in the process of excavating the leak. The repair consumed two days.

Cedar Mesa Hillside. The 45-year old steel line running from Surface Creek Road north of the Rodeo Ground to the top of Cedar Mesa developed a leak, the second one this year. The leak was totally absorbed by the ground, and was only discovered by the sound of the water hissing, heard by the property owner as he walked his dog. Hawkins said the pipe is seriously deteriorated.

Backhoe line cut, 2900 Rd. A two-inch PVC pipe was broken by a contractor's backhoe while excavating the pipeline for a meter installation. After the repair, rocks and mud traveled inside the pipe to the end, pinching off the water supply at the Klaseen dairy. It was necessary to replace the tap, and to extend the end of the main line to a location where it was feasible to install a flushing valve.

At this point, Kelly Peterson received a page from the emergency dispatcher advising of a house fire, and he left the meeting to attend the fire.

Fall Pipeline Projects

Dan Hawkins said there are three potential pipeline projects which were intended to get done this year. He suggested the order of priority should be:

Triebwasser property. This is a short piece of line replacement in preparation for the property owner to build a road over it. The pipeline is the 45-year old steel line running to the top of Cedar Mesa, which was discussed earlier in the meeting. Hawkins suggested replacing about 200 feet of the old four-inch steel pipe with six-inch steel pipe, which we have on hand. The steel is necessary due to the high pressure at that spot.

Lower Cedar Mesa, 2600 Rd. This is the remainder of the 1¼ - inch galvanized line which runs down the grade, ending just north of the Bob Phillips orchard. The total length remaining to be replaced is about one mile.

MacFarlane Six-inch. There is an easement on the MacFarlane property along the east side of 2550 Road, south of the intersection with Cactus Park Road. The length is about ¼ mile. The project would replace an old steel 4-inch line which is on the west side of 2550 Road with six-inch PVC. Dan MacFarlane, the administrator of the estate, is anxious for that project to get done, because Delta County is going to replace the fence after the pipeline project is finished.

John Hawkins asked if there is enough money and/or time to do all the projects. Dan Hawkins said there is probably only enough to do the first one, or possibly two. There was discussion, and the consensus was to attempt the projects in the priority order presented, if time and money permit.

Treatment Plant

Dan Hawkins reported that a diesel generator was purchased and installed at the treatment plant, for emergency power. The cost of the generator was \$16,000. He said that amount of money was available in the loan fund at Paonia Bank, but he had not drawn it, instead paying for the generator from normal revenues. He said the generator was operational, and had been tested by running the treatment plant for over an hour with DMEA power disconnected. Hawkins said the generator was manufactured by Stateline Corporation, and is rated at 67 kilowatts continuously.

Hawkins said that recent episodes of taste and odor have been caused by heavy algae concentrations in the creek water. He said it probably comes from reservoirs that are being drawn down. He said the sedimentation basin at the creek intake had been cleaned out for the first time, flushing out about three feet of accumulated mud. He said it will be necessary to clean out the basin more often, probably three or four times per year. Some board members reported slight taste and odor, mainly in hot water.

Hawkins reported that Lance Hanson, owner of Jack Rabbit Hill (JRH) distillery, has requested filtered but unchlorinated water from the treatment plant for making brandy. Hawkins said he was advised by Mike Havens, District Engineer for the Colorado Department of Health, not to provide unchlorinated water. Hawkins agreed to allow Mr. Hanson to haul treated water in bulk from the plant to the distillery, where it may be dechlorinated by means of a charcoal filter.

Town of Cedaredge buyout offer

The Board reviewed a letter from Bruce Bertram, of the Cedaredge Water Committee offering \$125 thousand for the Association's 20% interest in the jointly owned facilities. Several directors said they felt the offer was too low. The options discussed were:

1. Accept the offer.
2. Make a counter offer.
3. Actively pursue the sale of our interest to a third party.
4. Litigate to force partition of the assets, with a court-ordered or arbitrated settlement.

It was decided to schedule a special meeting with attorney Aaron Clay to get his input on the best way to respond to the Town's offer.

There being no further business, the meeting adjourned at 10:45 p.m.

Respectfully submitted 
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 14, 2005

Jerry Figueroa called the meeting to order at 6:32 p.m. Board members present were John Hawkins, Dennis Grunkemeyer, Jerry Figueroa, Herman Kline, Bryan Klaseen, Ellis Fritchman and Kelly Peterson. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Written minutes of two previous meetings were distributed to the Board before the meeting. John Hawkins pointed out an error on page two of the October 17, 2005 minutes: "would like to Board to reconsider" should read "would like the Board to reconsider".

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to approve the October 17, 2005 Minutes as corrected, and to approve minutes of the October 31, 2005 Special Board Meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins explained the expenditures for the treatment plant, which included a new alarm dialer to replace the original which did not work, the final payment on the backup generator, and a shed roof over the generator. He also reported that some additional work had been done on the Redlands Mesa pump house, including replacing the insulation, adding interior walls, and installing "pump savers," which are electrical devices to protect the pumps from running dry, low voltage, and other adverse conditions.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the October 2005 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM / Usage Report:

Dan Hawkins reported that there were no new taps sold in October. He said the November water use was typical of the same month in previous years, but he is still concerned over the discrepancy between the master meter and the total individual meters. He said he thinks the problem is more likely slow meters than a leak on the system.

The Board discussed a letter addressed to Jerry Figueroa from member Graham Taylor. Mr. Taylor recommended that the minimum rate be kept low for low users, and the burden should be shifted to higher users. Jerry said that according to the monthly usage reports, the majority of users stay within the 7,500 gallons included in the base charge.

Dan Hawkins said that the higher users only add about 10 to 12 per cent to the revenue from monthly billings. Kelly Peterson said the base monthly charge was comparable to what DMEA has called a "readiness to serve" charge. He said most of the expense of the Association is not related to the actual amount of water provided.

Aspen Trails:

Dan Hawkins said he had met with Tony Mercep, the owner of Aspen Trails campground to find out where pipelines could be routed and taps installed. He said he had also researched other water systems' policies regarding oversize or commercial taps.

Hawkins said taps are usually priced according to their water delivery capacity. Therefore, a one-inch tap would cost roughly twice a ¾-inch tap, and a 1½-inch tap would be four times a ¾-inch tap. He said some companies might apply a different rate structure for a larger tap, but it is also common to use the same rate structure regardless of tap size.

Dennis Grunkemeyer asked if the system can supply an oversize tap at Aspen Trails. Dan Hawkins said the supply line that would be extended is 3" in size, and capable of providing over 150 gallons per minute.

Hawkins said a practical route to reach the two lots on the west side of the Mercep property would be to continue the main line south along Highway 65 to about the middle of the property, then run due west and install meters there. That would allow the existing delivery pipelines to be used after the meters, and would avoid any Association pipelines through the congested part of the property, or around the north and west boundaries, where there are obstacles.

There was discussion of how many residential taps would be required for the property. It could be one or two, depending on whether Mr. Mercep can retain an Orchard City tap for the home where it was originally designated.

There was discussion of main line sizing along Highway 65. It was generally agreed that it should be at least four inch.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to grant one oversize tap to Aspen Trails, at a price to be determined and approved by the Board, based upon its delivery capacity in relation to a standard residential tap, and to grant one or two standard residential taps. The authorized use of the oversize tap is to be defined at the time of purchase, including the number of campsites allowed. USCDWUA will pay for oversized pipe in excess of two inch along Highway 65, unless larger pipe is required for fire protection.

MOTION CARRIED with no opposing votes.

Construction and Repair:

Marshall Subdivision leak: A longstanding leak was discovered in Marshal Subdivision on Redlands Mesa. It was apparently caused by rough pipe handling during installation, resulting in a crack in the end of a pipe that progressed beyond the gasket seal of the joint.

2900 Road broken by shovel: A meter was moved on 2900 Road on Redlands Mesa. The meter was inadvertently installed in an easement owned by David Sievers on property formerly owned by Phil Pinel. During the job a two-inch PVC pipe was broken by contact with a shovel. Water was shut off the Klaseen Dairy for the second time in a month.

Cedar Mesa hillside pipe replacement

Dan Hawkins said the only pipeline construction project that might be completed during the fiscal year was the replacement of 400 feet of line on the Triebwasser property about one quarter mile northeast of the rodeo ground. Hawkins said there is going to be a new driveway built on the hillside, crossing the pipeline. He said the Association has 400 feet of six-inch steel pipe on hand that should be put into the ground before the plastic wrapping disintegrates. He said future continuation of the project could be done with PVC pipe, because the 400 feet done now will reach an elevation where pressure is reduced to a safe range for PVC.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen to go ahead with the construction of 400 feet of pipe on the Triebwasser property.

MOTION CARRIED with no opposing votes.

Comments to Forest Service on Gunnison Energy:

Dan Hawkins gave the Board a draft of comments to the Forest Service concerning a proposal for fifteen gas wells in the Surface Creek drainage. Hawkins said he is most concerned with the possibility of chemical spills reaching the treatment plant.

Jerry Figueroa asked if we have baseline data for existing levels of contamination in the creek. Hawkins said the schedule for chemical testing is quarterly. Jerry asked if monthly would be better. After further discussion, it was generally agreed to add to the comments, asking for compensation from Gunnison Energy to pay for monthly chemical tests.

Budget for 2006:

Dan Hawkins presented preliminary 2005 cash flow and 2006 budget sheets. He said that it appears that it will be necessary to increase the monthly minimum water charge to keep up with operational expenses. He also said that Helen Hawkins desires to leave her job within a year or two, and needs to begin training a replacement. Hawkins said the salary line in the budget will need to be increase to reflect the pay to a part-time trainee.

Hawkins said he had done a survey of salaries in a few neighboring water systems. It appears that USCDWUA pay rates are lower than any of them. He presented a budget scenario with salaries raised to match the low end of neighboring systems, which requires a larger increase in monthly minimum charges.

There was discussion of the fees charged for stock transfers and meter installation. It became clear that allowing installation fees to be paid with the tap purchase can cost the Association if it is a long time before installation, because the increased cost of time and materials. Dan Hawkins said the present fee of \$350 is no longer adequate to cover time and material.

MOVED BY Jerry Figueroa

SECONDED BY Kelly Peterson to increase the Installation Fee to \$550.00, payable on installation only.

MOTION CARRIED with no opposing votes.

There was discussion of extra time consumed by some stock transfers, due to lost stock certificates, and because many Realtors, title companies, and mortgage companies do not understand water stock. It often requires several phone calls and letters to get a transfer done.

MOVED BY Jerry Figueroa

SECONDED BY Kelly Peterson to raise the Transfer Fee to \$50.00.

MOTION CARRIED with no opposing votes.

Response to Cedaredge offer:

Dan Hawkins gave the Board a draft letter in response to the Town offer to purchase the Association's one-fifth share of the common system for \$125,000. The draft letter proposed a price of \$300,000. After a few suggested wording changes, it was generally agreed to send the letter.

Annual Stockholder Meeting

Dan Hawkins reported that the Director terms expiring are Kelly Peterson, Dennis Grunkemeyer, Bryan Klaseen, and Ellis Fritchman.

The agenda for the Stockholders meeting was discussed.

Other:

Dan Hawkins reported that Chuck Church intends to install a pipeline on the east side of 2500 Road, running south one quarter mile from Q50 Road. The line is to serve a tap owned by Church. He has said he would rather build the line than cross 2500 road to tap the line that is on the west side of the road. He has asked if the Association would accept the new pipeline. During discussion, it was brought out that there might be less expensive ways for Mr. Church to get service, but that there was no objection to the proposal.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to accept the pipeline, and to optionally oversize it.

MOTION CARRIED with no opposing votes.

Herman Kline asked Dan Hawkins if he had checked on some Surface Creek Ditch and Reservoir water advertised in the newspapers. Hawkins said one block of four shares was for sale by Byron Benson for \$30,000 per share. The other was for one-half share from another party for \$13,000. There was discussion of the high price of water. No action was taken.

The meeting adjourned at 10:30 p.m.

Respectfully Submitted



Dan Hawkins, Secretary Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 5, 2005

Jerry Figueroa called the meeting to order at 6:44 pm. Board members present were John Hawkins, Bryan Klaseen, Herman Kline, Jerry Figueroa and Kelly Peterson. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Written minutes of the previous meeting had been distributed to the Board. There being no corrections or additions offered, chairman Jerry Figueroa declared the minutes accepted as presented.

Financial Report:

Dan Hawkins explained several items on the financial report. He said \$70,000 was transferred from checking into a savings account with Paonia State Bank. He said that Sue Voorhees had paid up the remaining balance on the excavation for her tap installation. Hawkins pointed out an expense for public relations, which was lunch for Larry Adams, the treatment plant manager from Crested Butte. Mr. Adams had come to visit the USCDWUA plant.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to accept the November 2005 Cash Flow Report.

MOTION CARRIED with no opposing votes

End of Month Report:

Dan Hawkins said the total system usage for November was 6,352,400 gallons. There was an error on the End of Month report, which indicated only 635 thousand gallons.

Subdivisions:

Kasper Family Major-2900 Road, Redlands Mesa

Dan Hawkins said the Kasper property had already been split once, creating a lot for Josh Kasper. A tap has already been purchased and installed on that lot. A second residential lot will be created, and a large parcel to remain agricultural. Hawkins said he does not know if one or two more taps will be requested.

The water source for the residential lot would be the four-inch line on the east side of 2900 Road. If a tap is required for the large agricultural parcel lying to the west, it would probably be connected to the three-inch line on North Road.

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to approve the sale of two taps for the Kasper Family Major.

MOTION CARRIED with no opposing votes.

Figueroa Minor - 2600 Road, Cedar Mesa

Jerry Figueroa presented his plan, then excused himself from the remainder of the discussion, except to answer questions. Two new taps will be required. The parcel containing the Figueroa home will be large, and remain agricultural. Two residential lots of approximately two acres each will front on 2600 Road.

Dan Hawkins said there is a need for a pressure reducing vault on the 2600 Road pipeline. He said the line is too close to the road to put the vault in-line. It will need to be offset onto the Figueroa property. Jerry said there would be no problem with providing easement. A logical spot would be on one side of the common access to the lots.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to approve the sale of two taps for the Figueroa minor subdivision, and specify an easement for a valve vault.

MOTION CARRIED with no opposing votes. Jerry Figueroa abstained.

Manager's report - "State of the Association."

Dan Hawkins presented a written summary of the vital statistics of the Association. The report showed 903 taps owned by 809 members, with 59 taps unconnected. Total assets are \$3,623,383. Total long term liabilities (loans) are \$853,087. The Association has 503,000 feet of pipeline and four storage tanks. The 2005 water use was 92 million gallons. Average year water availability is 223 million gallons.

Hawkins presented a graph of the Association's growth over the preceding 45 years, with the trend projected fifteen years into the future. The trend predicts that by the year 2020 there will be 1150 taps.

Leroux Creek Valley

John Hawkins said he had a conversation with Tom Alvey, a resident of Rogers Mesa and a member of the North Fork Conservancy District Board. Mr. Alvey is interested in the Association serving the area off the east side of Redlands Mesa. Hawkins said there have been several inquiries in the past, but no organized effort. Hawkins gave the board a map of the Leroux Creek area, with the locations of homes indicated on it. He said he counted 65 potential taps.

There was discussion of whether the system could serve the area. Dan Hawkins said there is excess water delivered to Redlands Mesa presently. The upper Redlands tank spilled a considerable amount this year. But the supply to Redlands would need to be improved before too many more taps could be accommodated.

There was discussion of three potential sites for storage tanks on the east edge of Redlands to serve the Leroux Creek valley. One is at the end of P50 Road, on property owned by Bill Waldron. Waldron has given verbal agreement to allow a tank site there. Other sites could be at the top of the grade on Redlands Mesa Road, or at a point between P50 and Redlands Mesa Road, east of the Redlands Main tank.

Other discussion concerned the need to obtain some additional water if such expansion occurs. The Leroux Creek #2 decree was mentioned. John Hawkins said that another small treatment plant could be placed on Redlands Mesa if the demand warranted. There was speculation that Rogers Mesa, which is not granting any more taps, might someday wish to attach to USCDWUA.

Budget for 2006:

The Board reviewed four possible budget scenarios for 2006. The first made no change to the membership price, and no change to the monthly minimum charge. Options 2, 3, and 4 proposed an increase to \$28, \$29, and \$30 for the monthly minimum charge, with \$9,000, \$10,000 and \$10,000 for the price of a membership. Options 2, 3, and 4 also proposed an increase in employee salaries to approach what is being paid for equivalent positions in neighboring entities. While the Board discussed salaries, Dan and Helen Hawkins left the meeting temporarily.

After further discussion, the Board arrived at a consensus to present budget options 1 and 3 to the shareholders for their consideration at the annual stockholders meeting.

Annual Meeting:

The agenda for the annual meeting was briefly reviewed. The present board members whose terms expire all agreed to be candidates for re-election.

The meeting adjourned at 10:00 p.m.

Respectfully Submitted:



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Organizational Meeting
December 13, 2005

The meeting convened at 9:15 p.m. following the annual Stockholders Meeting in the Cedaredge Community Center. Jerry Figueroa announced that nominations were open for the positions of president and vice president, and the appointment of secretary-treasurer. Bryan Klaseen nominated Jerry Figueroa for president. Seconded by Herman Kline. The vote was unanimous in favor of Jerry Figueroa as president.

Jerry Figueroa then nominated Herman Kline for vice president. Seconded by Bryan Klaseen. The vote was unanimous in favor of Herman Kline as vice president.

Bryan Klaseen moved to appoint Dan Hawkins to the position of secretary-treasurer. Seconded by Dennis Grunkemeyer. The vote was unanimous in favor of the motion.

The meeting adjourned at 9:30 p.m.

Respectfully Submitted: 
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
January 6, 2006

Jerry Figueroa called the meeting to order at 6:32 p.m. Board members present were: Herman Kline, Dennis Grunkemeyer, Jerry Figueroa, John Hawkins, Ellis Fritchman, Bryan Klaseen and Kelly Peterson. Also present were: Lynn Puls, Dan Hawkins and Helen Hawkins.

Minutes:

Dan Hawkins pointed out that the new board members binders for 2006 contained minutes for December 2005, and a copy of the Association bylaws and the operating agreement with the Town of Cedaredge.

The board members read the minutes for December 5, 2005 and the Board Organization minutes for December 13, 2005.

MOVED BY John Hawkins

SECONDED BY Herman Kline to accept the December 5, 2005 minutes and the December 13, 2005 minutes as read.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out the \$ 80,000.00 received for new memberships, all of which were purchased before the price increase took effect at the annual meeting. Hawkins also pointed out the construction amount done so far on the Mike Mason subdivision. Mason will be billed when the project is finished.

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the December 2005 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

The board reviewed the end-of-month report and water usage.

Hiring Office Help:

Helen Hawkins introduced Lynn Puls, and recommended that she be hired part-time to help in the office. Mrs. Puls is an Association member, currently living in Cedaredge with her husband, Steve. Their water tap is on vacant property along Surface Creek Road, where they intend to build a home.

The Board discussed with Mrs. Puls her work history and skills. She said she is interested in part-time work, because she still has two children in high school. After further discussion, Mrs. Puls left the meeting. Dan Hawkins said that he believes she can learn the billing system quickly, and assume that responsibility. This will free Helen to work on moving the Association's software into the Microsoft Office environment.

MOVED BY Jerry Figueroa
SECONDED BY Kelly Peterson to hire Lynn Puls.
MOTION CARRIED with no opposing votes.

Tim Peterson Well Permit:

Dan Hawkins reported that he had been contacted by Craig Lis, a representative of the Division of Water Resources in a Denver office which processes well permits. Mr. Lis said Tim Peterson had submitted an application for a well permit to the Denver office, and the permit had been approved. Mr. Lis said he learned later that a permit had been denied by the Montrose office of DWR because the Association did not give permission for a well to be drilled inside its service territory.

Hawkins said the letter he wrote to Tim Peterson stated that taps are available, but the meters would have to be installed at the main lines, and private service lines constructed into the area to be developed, which is in the bottom of Dry Creek, located in sections 10 and 16 of township 13 south, range 94 west.

Hawkins said Mr. Lis asked if the Association had any statutory authority to force someone to purchase a tap instead of drilling a well. Hawkins said he checked with attorney Aaron Clay to confirm that the answer is no. Hawkins said he believes the well permits will stand, rather than being revoked.

There was general discussion of the situation. Several board members expressed the opinion that water quality from a well will be poor. There was also general agreement that the Association should not build pipelines on the unstable hillsides surrounding the Peterson property.

Yvon Gros and neighbors off south side of Redlands.

Dan Hawkins said he had met with Yvon Gros and Jeff Crane. Both are land owners in and around section 19, township 13 south, range 93 west, which is off Redlands Mesa south of the Pete Klaseen and David Kuntz properties. They are interested in extending USCDWUA domestic water to the area. Apparently several other landowners are interested also.

Hawkins explained to them the current Board policy that the service territory ends at the edge of Redlands Mesa, and that Association main lines will not be extended off the mesa. They asked if sufficient taps were purchased if that policy could be changed. Hawkins told them they would need to make that request to the Board. Hawkins said he expected them to attend this Board Meeting.

John Hawkins said the Gros and Crane properties are quite a distance away from the Leroux Creek valley off the east side of Redlands. He said he had spoken with Tom Alvey, who is working to organize the Leroux Creek area into a community effort to obtain domestic water. Mr. Alvey is aware of the Gros and Crane efforts, but they would not necessarily be a part of that system due to the distance. Hawkins said, however that both requests should be considered as part of the general question whether the Association should expand in that direction.

Ellis Fritchman said the Association should not consider going there without knowing how the infrastructure is to be upgraded to support it, and where the additional water will come

from. Bryan Klaseen said he believes there could be considerable growth in the area south of Redlands. There is presently no prospect for Rogers Mesa domestic water to be expanded, as they have stopped issuing new taps.

Jerry Figueroa pointed out that developers will always be looking to the Association to bear the cost of expansion, but if it is not cost effective for the developer, it is also not cost effective for the Association. He said if there is no benefit to current shareholders, there should be no cost to them either.

After further discussion, the matter was tabled until more is heard from the interested parties.

Cedar Mesa hillside pipeline replacement

Dan Hawkins reported that 400 feet of six-inch steel pipe has been installed on the John Triebwasser property on the Cedar Mesa hillside northeast of the Rodeo Ground. Hawkins said the cost has been about \$10 per foot. He said that if the weather remains favorable, he would like to continue the project to the top of Cedar Mesa. He said that stretch of pipe, which is 45-year old steel, is known to be in poor condition, and there could be unseen leaks in it. He estimated the total cost would be near \$20,000. There was general agreement by the Board to proceed with the replacement. Hawkins said the contractor is H.H. Huff, out of Delta.

Other:

Kelly Peterson announced that he is selling his property and that he will not longer be able to serve on the board after closing. There was a discussion as to who may be available to replace him until the next stockholders' meeting. Some suggested were Don Kuhns, Dale Hartman, Eugene Dove.

The meeting adjourned at 9:15 p.m.

Respectfully Submitted,



Dan A. Hawkins
Secretary -Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
February 20, 2006

Jerry Figueroa called the meeting to order at 6:50 p.m. Board members present were Herman Kline, Jerry Figueroa, Kelly Peterson, Bryan Klaseen, and Ellis Fritchman. Also present were Dan Hawkins, Helen Hawkins, David Koos and Betsy Koos.

Minutes:

The minutes had been distributed to the directors prior to the meeting.

MOVED BY Herman Kline

SECONDED BY Kelly Peterson to approve the January 6, 2006 minutes as written.

MOTION CARRIED with no opposing votes.

Financial Report:

Kelly Peterson asked about the creek intake maintenance expense. Dan Hawkins said Peterson Excavating was hired to build a rock dam in the creek, and to seal it with gravel in order to get the water level high enough to avoid icing in the intake.

Bryan Klaseen asked about an expenditure for "pump station one." Hawkins explained that it is the designation for the pump house on upper Redlands Mesa which serves the Boyle and Anderson taps. Some minor changes were made to the electrical panel.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the January 2006 Cash Flow report.

MOTION CARRIED with no opposing votes.

Jerry Figueroa asked if a bill has been submitted to Mike Mason for work that was done on the supply for his subdivision last fall. Dan Hawkins said that he had not billed Mason, but was planning to do so when the line is connected. Jerry suggested that a bill should be submitted in order to recoup Association costs.

End of Month Report:

Dan Hawkins reported that water usage for January was reduced somewhat from the month before. He said he suspected there had been a leak in the old steel line that was replaced on the Triebwasser property on the west edge of Cedar Mesa, but there was no sign of it found during the replacement.

Subdivisions:

David and Betsy Koos: Peach Road, Cedar Mesa

Mr. and Mrs. Koos presented their plan for a three-lot minor subdivision of a part of the former McPherson property on the west side of Peach Road about one-half mile south of Cedar Mesa Road. They had previously discussed their intentions with the Board in September, 2005.

The sketch plan provided by the Koos' proposed a new four-inch main water line to be built across their property from 2525 Road eastward to the subdivision. The line would cross the northern edge of an undeveloped 19-acre parcel to the subdivision, then follow a lot line diagonally southeast to intersect Peach Road.

Dan Hawkins said the pipeline improvements are basically what was recommended when the proposal was discussed in September. He recommended that the new four-inch line be interconnected with the 2½ inch line on Peach Road. He said a fire hydrant could be placed on the new four-inch line, to be located as specified by the fire district.

Hawkins said the width of the easement for the new water line should be 30 feet. He said the line could be located within the 60 foot easement shown on the sketch between lots 1 and 2, provided it is designated for road and utilities.

MOVED BY Herman Kline,

SECONDED BY Bryan Klaseen to sell two water taps to David and Betsy Koos, provided they pay for the proposed pipeline improvements, to be constructed to Association specifications and under Association supervision. The contractor is to be chosen with Association concurrence, and will submit bills to the Association.

MOTION CARRIED with no opposing votes.

Bill Gibson (TruPla): Cedar Mesa Road.

Dan Hawkins said that Bill Gibson, a representative of TruPla Corporation, owns a tap at 26069 Cedar Mesa Road, the former Chuck Barnes property. He intends to split off one lot, and will need one tap. Hawkins said he has not yet received notification from the Delta County about the subdivision, but Mr. Gibson has requested a commitment letter.

Hawkins said he told Mr. Gibson that there is a four-inch line at the north end of his property and a 2½ inch line along Cedar Mesa Road at the south end. Mr. Gibson said he will plan to utilize the four inch line.

MOVED BY Jerry Figueroa

SECONDED BY Ellis Fritchman to commit one tap for the Gibson split for six months.

MOTION CARRIED with no opposing votes.

Roy Wolf: Rimrock Road.

Dan Hawkins gave the Board sketches provided by Roy Wolf of a planned minor subdivision for his property along Dry Creek. The plan is for three lots, one of which is the former Roy Wolf residence, which has a tap. Two new taps will be needed for the other two lots, plus a third tap for Wayne Wolf, which is not a part of the subdivision.

Hawkins said there is presently no main water line to the proposed subdivision. The line ends about ½ mile west on Rimrock Road, and will need to be extended to reach the property. Hawkins recommended the line be made four inch, even though it will be connecting to a two-inch line. If there is any further demand for taps in the area, the two inch line will probably need to be upgraded.

MOVED BY Bryan Klaseen

SECONDED BY Jerry Figueroa to serve the proposed Wolf subdivision and commit two

additional taps for a period of six months. An additional tap must be purchased immediately by Wayne Wolf. The main line must be extended to Association specifications, and under Association supervision.

MOTION CARRIED with no opposing votes.

Nina Proios: 26733 Cactus Park Road.

Dan Hawkins reported that Ms. Proios intends to create one 14-acre parcel on the south side of Cactus Park Road, which divides her property. The main line is on Cactus Park Road, and there should be no problem providing service.

Jerry Figueroa said that, as spokesman for the Grand Mesa Water Task Force, he had met with Ms. Proios and other landowners in and around Cactus Park to discuss the plans for a potential reservoir there. He said several possible dam sites are being studied, which could result in varying amounts of land in Cactus Park being inundated. However, he said that it is still too early to predict whether a reservoir will actually be built there.

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to write a letter to Nina Proios with required easements, and to commit one tap for six months.

MOTION CARRIED with no opposing votes.

Cedar Mesa Pipeline (Triebwasser) replacement

Dan Hawkins reported that weather in January permitted replacement of 1400 feet of old four-inch steel line. The new pipe is six inch, with about 400 feet of steel at the bottom, and the remainder PVC. The line is not yet in service, and more work needs to be done to connect with the system at the Panorama Heights valve box, when weather permits. The work was done by Huff Excavating, who billed \$16,000. Hawkins said the price was lower than he expected considering the steep hillside.

Other:

Dan Hawkins said that while locating pipelines for a soils testing driller, Dayton Myers learned of a major subdivision being planned for property at about 17300 Surface Creek Road. The parcel was formerly owned by Bud Burgess and has been used for pasture. Dayton Myers said the plat being used by the driller showed at least 21 lots. No other information has been received concerning such a plan. Hawkins said that if such a development occurs, it will probably be necessary to interconnect the Surface Creek Road line with the Hoot Owl Valley line, about ½ mile to the east.

Steve Wolcott Subdivision- 2600 road, Cedar Mesa:

At the August 17, 2005 Board Meeting Steve Wolcott requested three taps for 2600 Road on the south end of Cedar Mesa, just above the Bob Philips orchard. A letter was provided to Mr Wolcott committing the three taps. Dan Hawkins said Mr. Wolcott now wants 4 more taps for the same area. The taps will be located on both the east and west sides of 2600 Road, and can probably all be connected directly to the 2600 Road main line without constructing any more main line.

There was a discussion of the feasibility of developing the hillside, with several board members expressing skepticism of usable building sites.

Jerry Figueroa asked if the previous letter of commitment should be rewritten, including all seven taps. Dan Hawkins recommended that the original commitment be allowed to stand, and that the revenue from those three taps be used to help upgrade the 2600 Road line, which is planned for this year.

MOVED BY Jerry Figueroa

SECONDED BY Kelly Peterson to sell Wolcott 4 new taps as a separate commitment from the three already committed. This will be subject to review when definite plans for the subdivision are made available.

MOTION CARRIED with no opposing votes.

Meeting Adjourned at 8:40 p.m.

Respectfully Submitted



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
Board of Directors Meeting
March 13, 2006

Jerry Figueroa called the meeting to order at 6:50 p.m. Board members present were Jerry Figueroa, Herman Kline, Ellis Fritchman and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

The minutes had been given to the board members prior to the meeting.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to approve the February 20, 2006 minutes as written.

MOTION CARRIED with opposing votes.

Financial Report:

The Board reviewed the February Cash Flow report, with a correction to show interest received on savings. Hearing no objections, the chairman declared the report was accepted.

End of Month Report/System Usage Report:

Dan Hawkins pointed out that Wayne Wolf has purchased a new tap in the Dry Creek area. He said there have been three more taps purchased since the end of February.

Construction Proposals:

Dan Hawkins said there are several potential pipeline replacement projects that he would like to proceed with if funds are available.

2600 Road – lower Cedar Mesa: There remains about one mile of 1¼-inch galvanized pipe to be replaced on the grade above the Bob Phillips ranch to connect to a four-inch source at the southeast corner of the Ed Badding property. There was discussion of what size to make the pipe. Hawkins said six-inch would be desirable if a storage tank were to be placed at the south end of the mesa in the future.

2550 Road – MacFarlane property : The stretch between Cactus Park Road and Q75, on the east side of 2550 Road should be replaced before Delta County installs a new fence, which is planned this year.

Hanson Road from Surface Creek Road east ½ mile: This is 1¼-inch galvanized pipe that is becoming corroded and is undersize.

Hawkins said he would like to purchase pipe to be prepared for these requirements, as there is not much pipe left in inventory. He estimated the cost at \$35,000.

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to purchase \$ 35,000 worth of pipe.

MOTION CARRIED with no opposing votes.

Treatment Plant Discharge permit

Dan Hawkins reported that the State issued a new discharge permit for the treatment plant backwash ponds. The allowable concentration of chlorine discharged to Surface Creek has now been reduced to a number that is virtually unmeasurable - .011 parts per million. Hawkins said it is not

presently possible to meet the chlorine limit. He said it could be neutralized chemically, which would require a chemical injection and monitoring system to be installed. He said he thinks a less expensive alternative is to install a wind-powered aeration system to pump air into the ponds, which will strip chlorine from the water. The windmill has been purchased and assembled, and will be installed when the ground can be worked. The system is designed for ponds up to five acres. The backwash ponds total less than one acre.

Subdivisions:

Heidi Bagus – Redlands Mesa: Dan Hawkins said the Heidi Bagus minor subdivision on the east side of Redlands Mesa has changed since the Board agreed to provide taps. There had been two lots proposed on the hillside, but it appears there is only one suitable building site. Ms. Bagus still intends to purchase two taps, however one of them may be used on the east (downhill) side of Redlands Mesa Road. Also, the distance required for a new pipeline to get to a suitable place for meters has increased from 1200 feet to over 2000. Ms. Bagus still agrees to build the necessary pipeline .

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to sell Heidi Bagus two taps. She is to install all necessary pipeline from the existing line to her property. The line is to be oversized by the Association.

MOTION CARRIED with no opposing votes.

Richard Hall easement – Redlands Mesa

Dan Hawkins reported that Richard Hall has renewed his offer to provide an easement through his property in return for the Association building approximately 1000 feet of pipeline to his property. The purpose of the easement would be for future interconnection of Redlands Mesa Road and North Road by a new pipeline about one mile east of 2900 Road.

During discussion, it was pointed out that building 1000 feet of new pipeline would cost about \$10,000 - the price of a tap. Ellis Fritchman said this would be the same as trading a tap for an easement, something the Association should avoid doing. Jerry Figueroa said that, if that area is developed, easements will become available at that time.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to sell a tap to Richard Hall, to be installed at the present supply line on Redlands Mesa Road. No concession is to be made in return for an easement.

MOTION CARRIED with no opposing votes.

Other

Dan Hawkins said he had received a request for Frank Kugel, Division Engineer for the State Division of Water Resources. Mr. Kugel requested a map of the Association's service territory. Hawkins said he sent the map by registered mail, because the same information has been sent twice previously.

Meeting Ajourned 8:30 p.m.

Respectfully Submitted



Dan A Hawkins

Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 10, 2006

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were: Jerry Figueroa, Dennis Grunkemeyer, Herman Kline, Ellis Fritchman, Kelly Peterson and John Hawkins. Also present were Tom Alvey, Yvon Gros, Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to accept the March 13, 2006 Minutes.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins reported that the vehicle expenses were high due to repairs to the S10 pickup. An EGR valve failed, and the brakes needed redone. Surface Creek Auto was the garage making the repairs.

Dennis Grunkemeyer noted that the interest return on the savings account is low, and suggested renegotiating the rate with Paonia State Bank.

There was a brief discussion of the windmill for the backwash ponds at the treatment plant. It is assembled, and will be erected after a concrete base is poured.

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the March Cash Flow Report

MOTION CARRIED with no opposing votes

End of Month Report:

Dan Hawkins reported three new taps sales in April. Two were to Heidi Bagus on the east end of Redlands Mesa, and one was to Vicki Stanford-Mangano on Shady Oak Avenue, just east of Surface Creek.

The Stanford tap is for a second home on property that presently has a Chinn Water Co. tap. Chinn is not issuing any more taps, and does not object to a USCDWUA tap. The tap is across the road from Jim Pinkerton. Hawkins said he heard indirectly that Pinkertons claimed to have low pressure. He said a pressure logger was installed at the Pinkerton meter over a weekend to track the pressure. The lowest pressure recorded was 145 psi.

Construction Report:

Pipe purchase: Dan Hawkins said a mix of 6" and 4" pipe was purchased for approximately \$35,000. Bolinger and Queen was the low bidder for the pipe, ahead of Grand Junction Pipe and Grand Junction Winwater.

Heidi Bagus pipeline: Hawkins said the line is mostly complete. The contractor is Lance Rundle, whose equipment yard is on 3100 Road just north of Rogers Mesa. Hawkins said Rundle is doing a good job.

Hawkins said he heard from the Hotchkiss Fire District chief, who said the district is requesting a fire hydrant at the end of the new Bagus line extension. Heidi Bagus has said she does not intend to pay for one, and will appeal to the County Commissioners. Hawkins said a used, refurbished two-inch post hydrant will be installed at the end of the line as a means to flush the line, and can also fill a fire truck. He said that might calm the controversy, and will not cost the Association any more than a home made flushing standpipe would.

There was a discussion of fire hydrants and the means to pay for them. Hawkins said the current method of escrow used by Delta County doesn't work because in the five years funds are held, the cost of a hydrant and fittings can double.

Timothy Road:

Dan Hawkins said there has been interest in two parcels of property at the east end of Timothy Road. One is 2.9 acres on the north side, the other is eight acres on the south side. The line going to the end of Timothy Road is a ¾-inch galvanized line, serving a tap on the hillside beyond the end of the road. If more taps are needed, that line will need to be upgraded. Hawkins said he has talked to potential buyers for both parcels, and told them that the line will need to be upgraded. There are two sources for the new pipeline: a 1½-inch line about 400 feet from the end of Timothy Rd. And a six-inch line about 800 feet from the end of Timothy Rd. The smaller line could serve the smaller parcel, but the six-inch would need to be used for the larger parcel because of the potential for multiple lots.

MOVED BY Kelly Peterson

SECONDED BY Dennis Grunkemeyer to work with the buyers to assign cost for installation of a new pipeline, and to oversize the line as appropriate.

MOTION CARRIED with no opposing votes

Requests for service off Redlands

Tom Alvey: Mr. Alvey said he has done some informal canvassing of the neighborhood off the east side of Redlands Mesa, generally referred to as Leroux Creek, and he thinks there is interest in obtaining domestic water from the Association.

There was lengthy discussion. It was pointed out that upgrades would need to be done to the Redlands supply, and a storage tank placed on the east side of Redlands in order to adequately serve Leroux Creek. Construction of a distribution system would be expensive. Dan Hawkins said a rough budget figure would be \$100,000 per mile, including valves, vaults, regulators, etc. Mr. Alvey asked if a separate water company might be formed, to purchase its water from USCDWUA. Kelly Peterson said he does not favor that approach, as he has seen too many problems with it involving Orchard City and other systems. Other board members agreed that USCDWUA should not take that approach.

Several board members said they are not eager to expand, but recognized that USCDWUA is the only water company that is in a position to serve the area. But, they cited limitations in water supply and pipeline capacity, plus distance from the treatment plant as obstacles that would need to be overcome. The consensus was that the project could only be undertaken if it does not place any burden on the existing shareholders. It was suggested that USDA Rural Development might be a source of funding.

Yvon Gros and Jeff Crane: Mr. Gros explained that his property is not really part of the community that Tom Alvey is representing. He and Jeff Crane own land south of Cedar Gulch, on which they anticipate a need for 8 to 12 new taps. He said he hoped his request could be considered separately from the Leroux Creek area. He suggested that a convenient point of connection on Redlands Mesa would be at the Klaseen Dairy.

John Hawkins said he does not favor piecemeal service off Redlands. He said if the decision is made to expand, the Association must be prepared to serve a large area north and west of Rogers Mesa that is beginning to develop. He said an expansion project must be designed with the large picture in mind, recognizing the amount of potential growth.

There was discussion of the need to obtain water from Leroux Creek and think about a satellite treatment plant on Redlands Mesa in the future. Mr. Alvey and Mr. Gros left the meeting, saying they intended to try to learn more about the inclinations of the community.

Lonesome Cove Road

Dan Hawkins reported on a request from out-of-state owners for a single tap off the east end of Redlands, where North Road crosses Stingley Gulch. The Board repeated their intention to avoid piecemeal expansion into the area.

Other:

Dan Hawkins said he had talked with Marianne McPherson about Park Reservoir shares she is offering for sale. She is asking \$6,500 per share. Hawkins said that is equivalent to Surface Creek Ditch and Reservoir shares at \$44,000 a share, which is above the current market price.

Jerry Figueroa suggested that the Association should wait until the Leon Lake conversion is done before buying water.

It was decided to change the time of board meetings to 7:30 p.m. for the summer.

Meeting adjourned at 9:30 p.m.

Respectfully submitted



Dan Hawkins
Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 8, 2006

Jerry Figueroa called the meeting to order at 7:45 p.m. Board members present were Herman Kline, John Hawkins, Ellis Fritchman, Kelly Peterson and Bryan Klaseen. Also present were Phyllis Shields, Kelly Yeager, Grant Walker, Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the April 10, 2006 Board Meeting Minutes as distributed before the meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

John Hawkins said he noticed that operational expenses have exceeded revenues in several months this fiscal year.

Dan Hawkins pointed out a typo on page 2, in an expenditure for "regulator," which should have read "regulators." He said there are several planned and existing pressure regulating stations on the system which need relief valves installed. Four valves were ordered, but the distributor sent eight by mistake. The four extras were offered to the association at a considerable discount, so they were kept. Hawkins remarked that prices of all supplies have increased suddenly, for example fire hydrants which went from \$900 to \$1200 in six months.

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to accept the April 2006 Cash Flow Report.

MOTION CARRIED with no opposing votes.

End of Month Report/System Usage Report

Dan Hawkins said he is still suspicious that water is being lost somewhere on the system, due to the large discrepancy between the master meter and individual metered use. Jerry Figueroa asked about meters to help find leaks. Hawkins he is looking into a product from Cla-valve which modifies a pressure regulator so it measures flow. The cost is \$7,000 for a 4" device. He said we could use one on Lone Pine Line and the Hoot Owl Valley Line.

Subdivisions:

Ken and Phyllis Shields. Surface Creek Road, Major

Phyllis Shields presented a sketch of a proposed 7-lot major subdivision in the 19,000 block of surface Creek Road. An existing lot with a house is served by a well, and will be exempted from USCDWUA service.

Dan Hawkins said the line along Surface Creek Road at that location is 3-inch. To adequately serve the subdivision with fire protection, it will be necessary to interconnect that line with a 4-inch line on the Stratman property to the east. That may require easement across other property in between.

Jerry Figueroa said the presence of the well would require plat notes and deed restrictions prohibiting any cross connection of the well with the public supply. Jerry also advised Mrs. Shields to budget enough cost for construction of all pipelines. After further discussion, it was

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to serve the proposed Shields major subdivision subject to the conditions that the developer bears all cost of pipeline construction including an interconnect line between Surface Creek Road and the 4-inch Stratman line. A letter is to be written to Delta County stating that the subdivision may be served by USCDWUA pending more detailed information.

MOTION CARRIED with no opposing votes.

Kelly Yeager, Surface Creek Road, Major

Kelly Yeager introduced himself as a consultant representing Grant Walker, the owner of 140 acres located on the east side of Surface Creek Road in the 17,000 block about 1500 feet north of the Rodeo Grounds. Mr. Walker would like to subdivide the property, creating some 60 residential lots, proposed to be served by USCDWUA.

Dan Hawkins said the immediate problem would be obtaining the 1,000 gallons per minute fire flow recommended by the Fire District. He said that would require a new interconnecting pipeline between Surface Creek Road and the Hoot Owl Valley line on East Hanson Road. The pipeline would need to have pressure reducing stations at each end, because the pressure in both existing pipelines is more than would be practical for the subdivision's distribution system. The subdivision could then be served by attaching to this new interconnecting line. Hawkins said the existing four-inch line on Surface Creek Road would also need to be upgraded, probably all the way to the Milk Creek Tank, a distance of four miles.

Jerry Figueroa asked if there is any water with the property which could be used by the Association. Kelly Yeager read a list of water rights. Several board members commented that they were junior flow rights, and therefore not useable.

After considerable discussion, Kelly Yeager and Grant Walker left the meeting. Discussion continued, centered on the need to obtain water. A call was made to Orchard City Mayor Tom Heurcamp using a speaker phone. The mayor said Orchard City requires water to be provided in addition to the tap fee on every new tap. He said they require the water, not the money to buy the water, to avoid getting involved in the purchase, which might influence the price.

The manager was instructed to get advice from Aaron Clay about the amount of loss taken when irrigation shares are converted to domestic use.

The matter was tabled. It was suggested a special meeting or a work session be held before the next meeting.

Bill Gibson, Redlands Mesa Road, Major

Dan Hawkins said he learned that the Gibson Minor Subdivision, located on Cedar Mesa Road ¼ mile east of 2600 road, has been classified a major because it was previously split. Hawkins said the entrance to the subdivision is directly across the road from the Mike Mason subdivision. This would make a good location for a fire hydrant to serve both developments. Hawkins wondered if the Association should ask Mr. Gibson to contribute to the upgrade of the Cedar Mesa Rd. pipeline the same as Mike Mason did.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson that we ask Bill Gibson to contribute \$3,000.00 for upgrading the Cedar Mesa Road pipeline

MOTION CARRIED with no opposing votes

Construction:

Mike Mason subdivision

Dan Hawkins reported the pipeline into the Mike Mason subdivision is completed and paid for, including the \$3,000 contribution toward upgrading the Cedar Mesa Road pipeline.

2800 Road

Dan Hawkins reported that this summer Delta County will rebuild and pave 2800 road on Redlands Mesa, from the Grange Hall 1¼ mile north. The existing pipeline along the road is 2½-inch galvanized that is 45 years old. Hawkins recommended installing two casings at the locations where the main line crosses the road, to allow future replacement without disturbing the pavement.

MOVED BY Jerry Figueroa
SECONDED BY Bryan Klaseen to install the casings.
MOTION CARRIED with no opposing votes

Wolf Subdivision

Dan Hawkins reported that Roy Wolf is beginning construction for his major subdivision, and has picked up some pipe from the Association. Jerry Figueroa recommended that the pipe be priced a little higher than cost, in case our next purchase is more expensive.

Difficult tap transfers:

Dan Hawkins reviewed two tap transfers that were difficult for various reasons. He said most of the issues had been resolved after setting the agenda, and he felt he could proceed with the transfers.

Treatment Plant:

Dan Hawkins reported that the yellow-green color which had been in the water has cleared up. It was attributed to leaf dye from the initial flush of flood water. He said a change in coagulant chemical helped, and the color was starting to go away on its own anyway.

Hawkins said Dayton Myers has been assisting Coalby Domestic Water with trying to reduce turbidity. The system has installed a bag filter plant which is not coping well with early runoff. Some coagulating chemical was given to the operator, Buckley Peterson to try. It improves turbidity, but causes frequent bag changes.

Hawkins said that during spring thaw and heavy rains, the north side of the treatment plant becomes saturated and water seeps into the plant through concrete joints. He said the main water source is the roof, especially the snow that slides off and accumulates in a large pile over winter. A piece of pond lining material was purchased to lay on the ground, extending about thirty feet north of the building and beyond both ends. The intent is to catch rainwater and the melting snow pile and channel the water away from the building.

Hawkins reported that Hosea Richards was hired to rip-rap the creek at the intake. He spent one day at a cost of \$1400. Hawkins said the appearance is much improved, and should hold up well under flooding.

The meeting adjourned at 10:00 p.m.

Respectfully submitted


Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Minutes of Board of Directors Meeting
May 30, 2006

A special meeting was held at the Apple Shed, Cedaredge, CO. Board members present were Jerry Figueroa, Herman Kline, John Hawkins, Bryan Klaseen, Ellis Fritchman, and Kelly Peterson, along with manager Dan Hawkins. The meeting was combined with lunch from the Loading Dock Deli. Jerry Figueroa called the meeting to order at 12:15 p.m.

Dan Hawkins said he had requested the meeting to finalize the discussion begun at the May 8 regular board meeting, about requiring water from developers of major subdivisions. He said he had consulted with Aaron Clay for advice on how much water is lost in the process of converting irrigating water to domestic water. Mr. Clay said it would be safe to assume that twice as much irrigation water is needed to provide a given amount of domestic water.

Hawkins provided a worksheet showing that the actual demand of the USCDWUA system is 0.37 acre-ft per tap per year. He suggested that for planning purposes, it should be assumed that a tap needs one-half acre-ft. per year of domestic water, or one acre-ft. of irrigating water. After discussion, it was

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to require that any subdivision requiring four or more taps be required to furnish the Association with one acre-ft. of water per tap, from a list of eligible sources approved by the Association.

MOTION CARRIED with no opposing votes.

Discussion then moved to the major subdivision on surface Creek Rd. proposed by Grant Walker and Kelly Yeager. Dan Hawkins provided a map outlining the pipeline upgrades that would be needed to support the 60 taps potentially required by the development. He proposed a pipeline on Hanson Road interconnecting the existing lines on Surface Creek Road with the Hoot Owl Valley line ½ mile to the east. He said the four-inch line on Surface Creek Road, which is steel and 45 years old, would also need to be replaced. He said this line is already on the list as needing replacement. After further discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to serve the Walker major subdivision, requiring the developer to purchase all taps for each phase up front, provide one acre-ft of water per tap, and to build the interconnecting line on Hanson Road, with pressure regulating stations as required.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 2:00 p.m.

Respectfully Submitted: _____


Dan A. Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 12, 2006

Jerry Figueroa called the meeting to order at 7:40 p.m. Board members present were: Jerry Figueroa, Herman Kline, Dennis Grunkemeyer, Kelly Peterson, Bryan Klaseen and Ellis Fritchman. Also present were Phyllis Shields, Grant Walker and Kelly Yeager.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the minutes of the May 8, 2006 board meeting as sent to the board.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the cash received from from Mike Mason, which represents full payment for his minor subdivision agreement. Hawkins also said that Chuck Moore had left USCDWUA and gone to work for Project 7 as a plant operator. He said Chuck had not expressed any dissatisfaction with his job, but that Chuck felt the opportunity to get into a large treatment plant was too good to pass up.

MOVED BY Ellis Fritchman
SECONDED BY Dennis Grunkemeyer to accept the May 2006 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins said he is still concerned over the discrepancy of water measured at the plant versus through individual meters. Jerry Figueroa asked how many old meters ought to be replaced. Hawkins estimated about 400.

There was discussion of contracting out meter replacement, and combining it with installation of back flow prevention devices. Hawkins said he is still pursuing a way to modify Cla-Val pressure regulators to function as flow meters, to keep track of flow in major branches of the system.

Subdivisions:

Kelly Yeager/Grant Walker, Surface Creek Road, Major

Mr. Yeager had several questions concerning the preliminary Development Agreement that had been proposed by USCDWUA. He asked if the requirement for one acre foot of water per tap was irrigation water or domestic water. He was informed that it is irrigation water.

Mr. Yeager then asked if the interconnecting line called for on Hanson road could be built within the subdivision instead, so as to be available as a distribution line. The Board had no objection, provided adequate easements and vehicular access is available to the line and to the two pressure regulator vaults needed.

Grant Walker then asked if he could have protection against increases in the cost of taps if he purchased them over a three to five year period, as well as relief from the monthly minimum fee. After lengthy discussion, it was decided to address this at a special meeting on June 26. Mr Yeager and Mr. Walker left the meeting. Dan Hawkins was instructed to contact attorney Aaron Clay for a conference on the legality of granting any exceptions to Grant Walker that are not available to all members.

Ken and Phyllis Shields, Surface Creek Road, Minor

Phyllis Shields said she and her husband are no longer planning a major subdivision, as discussed at the May meeting, but are now investigating the requirements for a minor subdivision. Dan Hawkins said that if fire protection is not required, the three-inch line along Surface Creek Road is adequate to serve two more taps.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to sell two taps to Ken and Phyllis Shields

MOTION CARRIED with no opposing votes.

It was recommended that Mr. and Mrs. Shields make plans with Dan Hawkins for the most practical way to serve the lots from Surface Creek Road.

Kelly Yeager/Chris Howell, East Main Street, Major

Dan Hawkins said this property is within the Cedaredge service area. The owner would prefer to connect to USCDWUA because the area to be developed is closer to Association pipelines. The property is located on East Main Street, across the road north of the Rodeo Ground. Kelly Yeager, who is representing this subdivision, will meet with the Town of Cedaredge to determine whether they wish to serve it.

Construction:

Q-50 Road pipeline

Dan Hawkins reported that Huff Construction had completed 1500 feet of six-inch pipeline along Q50 Road west from 2550 Road. The pipeline is on the south edge of the Adrian Trinich property, which is being subdivided. Trinich contributed to the cost of the pipeline. The future use of the pipeline is to interconnect 2550 Road with Cedar Mesa Road ½ mile west, and to replace the deteriorated one-inch galvanized line presently serving taps on Q50 Rd.

2800 Road Redlands Mesa

Hawkins said two 10-inch casings have been installed under 2800 Road north of the Redlands Mesa Grange. Delta County is doing a major rebuild of the road, to include paving. The casings are to be used to cross the road with a future new USCDWUA pipeline. Rundle

Construction installed the casings. The existing 2½-inch galvanized line was broken in the process of installing one of the casings, resulting in a water outage of several hours.

Water Wells:

Preston Lauderbach permit request - Cactus Park

Jerry Figueroa said a well permit application by Mr. Lauderbach in Cactus Park was denied by the State Division of Water Resources, unless USCDWUA grants permission. The well was supposed to be used to water a garden, but the application was for a domestic well. Dan Hawkins reported that Mr. Lauderbach has stated he will try to obtain an exempt well because he owns 35 acres or more. There are currently two USCDWUA taps on the property.

Harris Adger Subdivision - near Mild Creek Tank, has well, requests tap

Dan Hawkins reported he has received requests for taps on Lots 2 and 3 of the Harris-Adger Subdivision. At the time the subdivision was done, a well was drilled for those two lots, because there was no USCDWUA pipeline there yet. Now, the 12-inch pipeline from the treatment plant to the Milk Creek tank is available to use. Hawkins said he thinks there should be agreements with the tap owners that pressure may have to be boosted, and there should be plat notes or deed restrictions prohibiting interconnection of the well and the public system.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to sell 2 taps for Lots 1 and 2 of the Harris-Adger minor subdivision, with written stipulations that there might not be acceptable pressure in the main line, and with deed restrictions requiring separation of the well and public water system.

MOTION CARRIED with no opposing votes

Grand Mesa Water Task Force:

Jerry Figueroa gave a report on the progress of the on going discussion and research for a reservoir on Surface Creek and Cactus Park. He said the major features of the project at this time are a control reservoir on Surface Creek and the pumping of Gunnison River water to Fruitgrowers Reservoir and/or other areas of the Orchard City Irrigation District. He said the Gunnison River importation would make more water available at higher elevations.

Jerry said the Cactus Park reservoir is still an option at this time, but is not being promoted as heavily as it was earlier, do to cost of the project.

Other:

Special Meeting

Ellis Fritchman pointed a correction in the minutes for the special meeting held at the Apple Shed May 30. It should read "That any subdivision requiring four or more taps be required to furnish the Association with one acre foot of water per tap..." The words "per tap" were omitted in the minutes.

MOVED BY Ellis Fritchman

SECONDED BY Bryan Klaseen to accept the minutes of the Special Meeting May 30, 2006 as corrected.

MOTION CARRIED with no opposing votes

Resolution

Dan Hawkins presented Resolution #06-01, which formalized the action taken at the special meeting to require one acre foot of water per tap in major subdivisions. A few wording corrections were offered.

MOVED BY Bryan Klaseen

SECONDED BY Kelly Peterson to accept the Resolution as corrected.

MOTION CARRIED with no opposing votes

Marty Watts

Dan Hawkins reported a request for a water tap from Marty Watts, who is subdividing property on the east side of Highway 65 approximately ½ mile north of Ute Trail Road. Hawkins said he thinks there is adequate pressure to serve the location, but there is no pipeline north of Ute Trail Road. Mr. Watts understands that he will need to build a pipeline to his property. He said he is willing to contact neighbors in his area to see if other taps might be desired.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to sell a tap to Marty Watts provided that he agrees to construct a pipeline per USCDWUA requirements.

MOTION CARRIED with no opposing votes

Cedaredge Letter

The Board reviewed a letter from the Town of Cedaredge offering to buy the USCDWUA interest in the common system for \$175,000. It was agreed to set up a meeting with the Town to attempt to settle the matter.

Meeting adjourned 11:00 p.m.

Dan A. Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 10, 2006

Jerry Figueroa called the meeting to order at 7:00 p.m. Board members present were: Dennis Grunkemeyer, Herman Kline, Ellis Fritchman, Bryan Klaseen, Jerry Figueroa and John Hawkins. Also present were Lynn Oliver, Dan Hawkins and Helen Hawkins.

Dan Hawkins introduced Lynn Oliver to the board as a potential board member to replace Kelly Peterson who has moved from the USCDWUA service area.

Surface Creek Road Major - Kelly Yeager/Grant Walker

The meeting convened early in order to discuss a development proposal received from Pensco Trust Custodian Grant Walker and his consultant Kelly Yeager for a 62-lot subdivision in the Surface Creek valley. The matter was considered before the regular agenda. Jerry Figueroa read the proposal aloud. The proposal requested several variances from conditions previously specified by the Board in a letter to the developer written June 7, 2006.

- The proposal called for a reduction in the amount of water to be supplied by the developer from one acre foot per tap to .8 acre foot per tap.
- USCDWUA was to guarantee that the purchase price of taps would not exceed \$12,000 for five years.
- USCDWUA was to guarantee that fire hydrant cost would not exceed \$3,000 for five years.
- Pensco asked that the monthly minimum charge not be applied to new taps purchased for the subdivision until a lot is sold and the tap transferred to the new owner.
- The interconnecting line between the Surface Creek Road pipeline and the Hoot Owl Valley line was originally specified to go along South Hanson Road. The proposal requested instead that it be made a part of the subdivision distribution system, with a route agreed to mutually with USCDWUA.

After considerable discussion, it was decided by consensus that the only change to be granted would be the last one listed above, pertaining to the interconnecting pipeline. The manager was instructed to write a new letter to the applicants with a list of the conditions required to serve the subdivision, basically following the June 7 letter with minor revisions.

Minutes:

Two typographical errors were pointed out in the Minutes of the June 12, 2006 Board Meeting.

MOVED BY John Hawkins

SECONDED BY Dennis Grunkemeyer to approve the minutes of the June 12, 2006 Board Meeting as corrected.

MOTION CARRIED with no opposing votes

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to approve the minutes of the May 30, 2006 special Board Meeting

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out that the water treatment cost for June appears low because all the bills related to water treatment have not come in yet.

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the June 2006 Cash Flow Report.

MOTION CARRIED with no opposing votes

EOM/System Report:

Dan Hawkins presented the EOM/System Report. He reported that the water audit for June shows 10% lost water, but the actual gallons lost is the same as in previous months, meaning there is an ongoing leak on the system.

Subdivisions:

Cabin Creek Minor on Timothy Road - Rick Beverage

This proposed minor subdivision is at the east end of Timothy Road. There is a 3/4" galvanized pipe on that part of Timothy which serves one tap on property that is not part of the subdivision. Dan Hawkins said that to get water for additional lots, it will be necessary to build a new pipeline from the six-inch "Hoot Owl Valley" line, a distance of about 700 feet.

Hawkins said he has talked to the developer and explained that he will be required to build the new line. There is another parcel at the end of Timothy, whose owner has also inquired about a tap. Hawkins said he has encouraged the two owners to cooperate in building the new line.

MOVED BY Ellis Fritchman

SECONDED BY Herman Kline to approve the sale of 3 taps for the Cabin Creek Minor if the developer builds a new pipeline.

MOTION CARRIED with no opposing votes

Construction:

Dan Hawkins reported on the following projects:

Wolf subdivision line

Approximately 3200 feet of four-inch pipeline is complete but not yet activated. The Wolfs still need to buy 2 more taps and install a fire hydrant. All costs have been paid by the Wolfs.

Koos subdivision line 2525 Road to Peach Road.

The line is still under construction but will soon be finished. It consists of 920 feet of six-inch pipe, 880 feet of four-inch pipe and a fire hydrant. All costs are to be paid by Koos.

Radeliff extension

This is about 200 feet of two-inch line extended south from Cedar Mesa Road to serve two

taps in a minor subdivision previously done by Les Radcliff. All costs are to be paid by Radcliff.

Rueckert line

This project, located near the Milk Creek tank, consisted of about 400 feet of four-inch line and one fire hydrant. It is complete. All costs are to be paid by Gerhard Rueckert.

Subdivision Policies:

Water with taps

The Board discussed its recent resolution requiring a developer of a major subdivision to provide one acre foot of water for each tap required. The consensus was to leave the resolution as it is.

Dan Hawkins reported that Marianne McPherson had offered to trade two shares of Leon Lake (about .8 acre foot) for a tap. Hawkins declined the offer, and Marianne then bought a tap. She has 5 shares of Leon lake available for sale, at an asking price of \$4500 per share. The consensus of the Board was that the price is too high.

Other:

Jerry Figueroa - extension on his water tap

Jerry requested an extension on the time to purchase two water taps for his minor subdivision on 2600 Road. He said delays in surveying and other required tasks had caused the need for the extension.

MOVED BY John Hawkins

SECONDED BY Ellis Fritchman to extend Jerry Figueroa's tap request for 6 months.

MOTION CARRIED with no opposing votes, Jerry Figueroa abstaining.

Filter Modules

Dan Hawkins reported that with the heavy water use in June, the treatment plant was operating too close to capacity on some days. There is room to install 16 more filter modules. He requested a quote from Pall on filter modules and received the following prices:

4 modules - 60 gallons per minute of increased capacity - \$ 13,570.00

8 modules - 120 gallons per minute of increased capacity - \$ 26,680.00

Hawkins said there will be engineering costs also, because the State Health Department will require an engineer's report confirming that the rest of the plant is designed to treat the additional water.

MOVED BY Ellis Fritchman

SECONDED BY Bryan Klaseen to purchase 8 modules.

MOTION CARRIED with no opposing votes

Well permit map

Dan Hawkins received a map from Rona Troutman of the Division of Water Resources showing the location of water well permits in the Association service area. He passed the map around for the Board to look at. Several members expressed surprise at the large number of wells shown.

Agreement with town

Jerry brought up the idea of USCDWUA keeping ownership of the collection system on Grand Mesa. He feels that it might be a safe guard in case of a fire in the company's water shed. Dan Hawkins agreed to investigate the cost and practicality of using the joint collection system at the Spaulding Peak treatment plant.

Meeting adjourned at 9:30 p.m.

Respectfully Submitted



Dan Hawkins
Secretary/Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 11, 2006

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were: Dennis Grunkemeyer, John Hawkins, Jerry Figueroa, Bryan Klaseen, Ellis Fritchman, Herman Kline and Lynn Oliver. Others present were Randy and Brenda Schneider; Bob and Jennifer Nichols; Nina Edgington; Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Ellis Fritchman
SECONDED BY Dennis Grunkemeyer to approve the minutes the July 10, 2006 Board of Directors Meeting.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins presented the cash flow financial statements for July and August, 2006. Dennis Grunkemeyer asked about the Koos main line extension. Hawkins said line had been completed and the Association reimbursed. Herman Kline asked about the purchase of data loggers. Hawkins said they are to be used to record main line flows. They will be connected to Clay-Val pressure regulators that are being adapted to function as flow meters. Hawkins said conversion kits have been purchased to make four main line flow meters.

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the July 2006 and the August 2006 Cash Flow Reports.
MOTION CARRIED with no opposing votes

End of Month/System Report

Dan Hawkins reported that 25 new taps have been sold this year, already exceeding the hudgetary projection of 24. He said a major leak had been discovered in the four-inch steel line which crosses Surface Creek near the Gerald Loucks property at Tabor Road. He said one hole in the pipe was repaired, which has helped reduce system usage. There are other small leaks still evident.

New Board Member:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to appoint Lynn Oliver to the Board to fill the vacancy until the next stockholders meeting.
MOTION CARRIED with no opposing votes.

Off Redlands Mesa Tap - Schneider:

Randy Schneider requested a water tap for a home under construction on Lonesome Cove Road off the east end of Redlands Mesa. He said his property comes up onto the top of Redlands Mesa near the home of John McCombs. By obtaining easement from McCombs, a water line could be run from the

new Schneider home to a meter installed at the four-inch line serving McCombs. Dan Hawkins said there is no problem with providing service on that line.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to provide a tap for Randy and Brenda Schneider.

MOTION CARRIED with no opposing votes.

Tap transfer during foreclosure:

Nina Edgington spoke to the Board representing American Land Realty. She asked for variances from the Secretary's policy on transfers in difficult situations, such as divorce, death, and foreclosures. She said the by-laws should be amended to state that the water tap always goes with the land.

Mrs. Edgington also protested the policy of not accepting faxed membership applications. Helen Hawkins said the reason for this requirement is that the membership application is an agreement like a contract between the member and the Association. Too many faxed documents are unreadable, have been reduced in size, may have been amended by computer, etc. She said the application, along with all other transfer documents and requirements are available online at the Association's web site.

Jerry Figueroa said the Association's responsibility is to protect the rights of the stockholder.

Dan Hawkins said that, in the case of a foreclosure, the bank is not a member of the Association if it does not choose to make application. He said the physical water tap might be part of the foreclosed property, but the rights of membership don't automatically go to the bank.

After prolonged discussion, Nina Edgington left the meeting. The matter was tabled until the next meeting.

Subdivisions:

Mike Folkerth Minor - Ute Trail Road

Dan Hawkins reported that Mr. Folkerth owns property on the south side of Ute Trail Road about ½ mile west of Surface Creek, with two water taps, neither of which has been installed. A third tap is needed for the proposed minor subdivision.

Hawkins said it has always been his understanding that there is a main line extension which ends on the Folkerth property. Since there is no above-ground fixture to identify where the pipe ends, Hawkins dug where he thought the line was likely to be. He discovered a four-inch pipeline which had previously split open, and had filled with mud. The pipeline is "dead," that is, no water being sent to it.

Hawkins said the broken line is obviously a part of the USCDWUA system, but it will need to be investigated and repaired before it can be used to serve the Folkerth taps. He said it might be necessary to rebuild about 200 feet of pipeline.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to sell a tap to Mike Folkerth and rehabilitate the pipeline to his property.

MOTION CARRIED with no opposing votes.

Paul Lyons Minor - Hanson Road

Dan Hawkins said that Paul Lyons is thinking about a 5 acre subdivision on the north side of (North) Hanson Road. He has not made application to Delta County, but is doing some preliminary planning. Hawkins said the pipeline at that location is 1¼ - inch galvanized which is badly undersize, corroded and needs replaced. He recommended that the replacement be scheduled for next year, and that

Mr. Lyons be advised to wait until a new line is in place before adding any more taps.

Game Minor - Surface Creek Road

Michela Game owns property on the east side of Surface Creek Road south of (South) Hanson Road. The property is often referred to as the old Palmer orchard or the old McPherson Orchard. The sketch plan depicts three lots, all of which may be served by the six-inch main which runs through the property along its west side. One lot is already served by an existing tap.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to sell two taps for the Game Minor Subdivision.

MOTION CARRIED no opposing votes

Nichols Major - Surface Creek Road

Bob Nichols presented a sketch of a planned subdivision on the east side of Surface Creek Road south of (North) Hanson Road. There are to be five lots, one of which is already served by an existing tap. Lots 2, 3, and 4 are adjacent to Surface Creek Road, and may be connected to the main line there. Lot 5 will have to be served by the Hanson Road Line, which is undersize and deteriorating, and already scheduled for replacement.

Mr. Nichols said he is aware of the requirement to provide one acre foot of raw water per new tap, and that he is prepared to do so. He said service to lot 5 is not critical, and he can wait until the main line is replaced.

MOVED BY Dennis Grunkemeyer

SECONDED BY Ellis Fritchman to sell 4 taps to Bob and Jennifer Nichols pending water purchase.

MOTION CARRIED with no opposing votes.

After Mr. and Mrs. Nichols left the meeting, there was a discussion of a consistent policy of requiring developers to replace main lines, for example Mike Mason is contributing to a main line replacement needed for his subdivision, but Bob Nichols is not. Dennis Grunkemeyer said each one needs to be studied on its own merits and treated as fairly as possible. John Hawkins said he agrees. In the case of Nichols, the line needs replaced even if there is no subdivision, because it is barely capable of serving the existing taps that are on it.

Construction:

Surface Creek crossing and line replacement

Dan Hawkins reported that the main line leak in Surface Creek was caused when the creek bed eroded below the pipeline, leaving it exposed in the stream. Rocks have damaged the pipe, and destroyed the protective coating. Hawkins said it is not possible to repair the remaining small leaks in the creek because of the rocky bed and the water flow. He said he had previously contacted the majority of the Board by telephone to get approval for an overhead crossing at the creek, and also to replace the remainder of the line from the creek to Surface Creek Road, about 1400 feet. He said all pipe and fittings have been purchased, and he is waiting for Huff Excavating to begin the project. The overhead crossing is built of eight-inch steel with a reinforcing truss, and the underground portion of the pipeline is eight-inch PVC. The original line is four-inch steel.

2600 Road, Cedar Mesa

Dan Hawkins said Huff Excavating has also been engaged to replace the old galvanized line north of Bob Phillips orchard on the south end of Cedar Mesa along 2600 Road. Pipe and materials are on hand for that project.

2550 Road, Cedar Mesa

Hawkins said Erich Fritchman is starting a project of 1300 feet of six-inch pipeline on the east side of 2550 Road below Cactus Park Road. The line will be placed in an easement obtained from Bob MacFarlane. The existing pipeline is on the west side of 2550 Road. It is four-inch steel pipe, and is under pavement for much of the way.

Timothy Road

Property is being sold and subdivided at the east end of Timothy Road. This is at the bottom of the hill known as the old "Doughty bobsled run." There are at least two land owners needing taps there. A new line is needed, because the only line there is a 1" or ¾" galvanized pipe which serves one tap which has been vacant for many years. Hawkins said the landowners have agreed to pay for a new line, to be connected to the six-inch Hoot Owl Valley line, about 600 feet west of the properties.

Other

Budget progress report:

Dan Hawkins presented a comparison of the 2006 budget with the actual figures for nine months of the fiscal year. It was agreed that the board will look at it this month and it will be discussed at the next board meeting in October.

Leon Lake

There was extensive discussion of the project to convert Leon Lake to domestic use. Jerry Figueroa explained the history of the effort, and the problems that have been presented by Ute Water District's objection. The legal fees, which are borne by the Grand Mesa Conservancy District, have already become burdensome, and will be higher yet if the application goes to water court, as it is scheduled to do in November.

Jerry said the Conservancy District is asking for financial help from domestic water entities to help defray the expenses.

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to donate \$10,000 to the Grand Mesa Conservancy District for legal fees in the Leon Lake change of use application.

MOTION CARRIED Jerry Figueroa and Ellis Fritchman abstained. Herman Kline, Lynn Oliver, Bryan Klaseen, Dennis Grunkemeyer and John Hawkins voted yes.

Meeting adjourned at 10:30 p.m.

Respectfully Submitted



Dan Hawkins
Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 9, 2006

Jerry Figueroa called the meeting to order at 7:35 p.m. Board members present were: Herman Kline, John Hawkins, Dennis Grunkemeyer, Lynn Oliver, Jerry Figueroa, and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins, Kelly Yeager and Becky Howell.

Minutes:

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to approve the September 11, 2006 minutes.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins explained the \$ 10,000 paid on Legal Fees. The money was paid to the Grand Mesa Conservancy District to help with legal expenses on the Leon Lake conversion. Hawkins explained the \$ 11,601.17 cash spent on Liabilities to Paonia State Bank. The bank had been sending incorrect statements to USCDWUA, resulting in a shortfall of principal paid. The lump sum was paid to bring the principal up to date. Hawkins also explained the refund on Insurance. The audit on our Commercial Liability showed that the Association was being over charged for premiums.

EOM/Water Usage:

Dan Hawkins presented the reports. The Association has exceeded by five the number of tap purchases that were budgeted for the year.

Water usage is down in part because the leak on the pipe on the creek bed has been repaired as is now shut off and undergoing replacement.

Subdivisions:

Boothe-Johnson Minor - 2800 Road

Dan Hawkins reported that this is a re-subdivision of an existing family split. Both lots already have taps, so no action was required by the Board.

Sunrise View Minor - North Road - Steve Harper

Kelly Yeager represented the owner. He said the subdivision is three lots located where North Road crosses Lawhead Gulch on Redlands Mesa. There is one house existing on the property, with a water tap installed. Two additional taps are required.

Discussion ensued on the suitability of the existing two-inch pipeline which comes to the property from the west along North Road. Dan Hawkins said there are presently seven taps on the line, which is 5000 feet long from its source on Redlands Mesa Road. He said he believes it is marginal for serving any more taps. There is a two-inch line along Rimrock Road ending about 3/8 mile north of the property. Hawkins said it would be difficult to extend the line south due to terrain and the interference from a ditch and irrigation pipeline.

There is uncertainty about the future route of North Road through the property. Delta County is apparently planning to realign the road across Lawhead Gulch, which might have an effect on

available pipeline routes to serve the lots on the east side of the gulch. Dan Hawkins agreed to meet with the County Engineer and Road Foreman to learn their plans.

John Hawkins said he believes the best way to serve the subdivision is to extend a pipeline to the property from the east. Presently there is a three-inch line ending one-half mile east of Rimrock Road. If fire protection is to be required, that is the only line capable of providing usable flow.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to table this discussion until the next meeting.

MOTION CARRIED with no opposing votes

Howell Major - Surface Creek Road

Kelly Yeager and Becky Howell presented a sketch of a proposed major subdivision on the north side of East Main Street, directly across from the Rodeo Ground, west of Surface Creek Road. The property, by agreement, lies within the Town of Cedaredge service area, but Kelly Yeager reported that the Town has declined to serve the subdivision.

The subdivision will total ten lots, one with 19 acres and 9 smaller ones of between one and two acres each. The large lot has an existing residence and outbuildings. It is served by a Town of Cedaredge tap. USCDWUA taps are requested for the 9 small lots.

Dan Hawkins said the source of water would be a six-inch line on the east side of Surface Creek Road. The line operates at a pressure of about 230 psi. It will be necessary to reduce that pressure for the distribution line within the subdivision. A pressure regulating vault will be needed, preferably located on the east side of Surface Creek Road, before crossing under the road to serve the subdivision. Hawkins suggested that the Howells cooperate with Grant Walker, who plans a subdivision on the east side of the Surface Creek Road, in building a pressure regulating vault to serve both developments. Kelly Yeager, who represents both developments, said he will work on that.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to commits taps to the subdivision subject to an agreement worked out by the developer and the Association, which will include the provision that the developer pay for pressure reduction.

MOTION CARRIED with no opposing votes.

Construction Report:

Surface Creek crossing and line replacement

Hawkins said work is going slowly on the replacement of 1350 feet of four-inch steel line with eight-inch PVC. The project is located between Surface Creek and Surface Creek Road, along the south line of Section 9 in line with T Road. Included is an overhead creek crossing, made from eight-inch steel pipe. Weather has seriously slowed the work.

2550 Road - Cedar Mesa

Hawkins reported that a six-inch pipeline is finished on the MacFarlane property on the east side of 2550 Road. The line replaces a four-inch steel line on the west side of 2550 Road.

Ute Trail Road - Mike Folkert subdivision

Hawkins said a four-inch pipeline on the south side of Ute Trail road which was installed

sometime in the past to the Folkerth property was found to be inactive and broken. Hawkins hired Eric Fritchman to start replacing the pipe from the east (broken) end toward the west. Only about 30 feet of pipe needed to be replaced, as it was found that the line had been capped, and was full of water under pressure. This was discovered by the backhoe hitting the line.

Treatment Plant Expansion:

Hawkins reported he had engaged Aquarius Engineering to make the required engineering report for expansion of the treatment plant capacity by adding more modules. The principals in Aquarius are Jerry Biberstine and Herman Wooten. Mr. Biberstine formerly worked for the State Health Department. Mr. Wooten served for many years as executive director of Colorado Rural Water. They are located on the eastern slope, but are presently working with Fruitland Mesa Water to upgrade their filtration. They will combine the two projects so special trips are not necessary. They have quoted the engineering work at \$4,000.

Budget progress review:

Dennis Grunkemeyer noted that revenue from Members Contribution is much higher than anticipated. Dan Hawkins said that is always hard to predict, as it mostly involves subdivisions which are not known in advance.

Jerry Figueroa asked that the Board and manager be thinking about items to be included in a plan for the future. Herman Kline said the Cedar Mesa Tank needs to be a priority. Other suggestions included security for the treatment plant, equipment maintenance, and spares for plant equipment.

Tap transfer procedures review:

A copy of the Associations written policy for transfer of taps was presented to the Board for review. Jerry Figueroa suggested that the clause dealing with foreclosures should be clarified to read, "In order for the mortgage company or bank to become a member of the Association the stock **must first be transferred to the mortgage company or bank**, following all requirements stated below."

Other:

Leon Lake

Jerry Figueroa reported that Ute Water is continuing to protest the effort to change Leon Lake water to domestic use. Ute is demanding the installation of expensive monitoring devices to measure lake level and outflows. Ute hired an engineer to make a report that the Leon system stores water out of priority. Leon in turn hired another engineer, John Currier, to rebut that report. The case is still scheduled for trial in November, but there is hope that it will be settled before trial.

Cedaredge buyout

Dan Hawkins will talk with Joe Mulvey and Ed Marah, both of whom seem to be in favor of settling. Herman stated that this needs to get settled before the annual meeting.

Dave Watson.

Dan Hawkins reported that Dave Watson has been hired as part time, working five hours each day in the mornings.

Respectfully Submitted: _____


Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
Board Meeting
November 13, 2006

Jerry Figueroa called the meeting to order at 6:35 p.m. Board members present were: Dennis Grunkemeyer, Herman Kline, Lynn Oliver, Jerry Figueroa, Ellis Fritchman, John Hawkins and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins, Lawrence MacKendrick, Mike Mason and Judy Mason.

Minutes:

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to approve the October 9, 2006 minutes.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins commented on some points in the financial report:

- Money spent on the treatment plant was for concrete pads on the east and west ends of the building.
- Water was purchased at a cost of \$14,000 for ¼ share of Surface Creek Ditch and Reservoir, and 8 shares of Leon Lake.

MOVED BY Dennis Grunkemeyer
SECONDED BY John Hawkins to accept the October 2006 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM Report:

Dan Hawkins reported that one tap was sold in October but 10 have been sold in November.

Subdivisions:

Sunrise View Minor

This minor subdivision, located at North Road and Rimrock Road on Redlands Mesa, had been tabled at the previous meeting pending more information about the realignment of North Road and the requirement for fire protection. Dan Hawkins reported that the Hotchkiss Fire Department will require a fire hydrant. The road realignment plan has been completed.

Concerns over the capacity of the two-inch pipeline currently serving the property were expressed. The line is about 5,000 feet long and presently serves seven taps. There is another possible subdivision along the line, proposed by Linda Baker.

Several Board members expressed the opinion that the best source to serve the subdivision was the pipeline on North Road which ends ½ mile east along North Road. It was suggested that the two pipelines, approaching from the east and west, be interconnected at the intersection of North Road and Rimrock Road. Dan Hawkins said a pressure regulating station will need to be built to match the different pressures on the two pipelines.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen that the pipeline presently terminating 1/2 mile east of the proposed subdivision will be extended and interconnected with the two-inch line. The developer will be required to pay 1/2 the cost of the line. USCDWUA will pay the cost of the pressure regulating station.

MOTION CARRIED with no opposing votes

Mike Mason Major

The Board was given a plat of the proposed major subdivision, which shows 15 lots. Mr. Mason said he plans to proceed in phases. The first phase would be four lots, incorporating two lots of the existing minor which already have taps, plus two new lots. There would then be two phases of four lots, and a final phase of three lots.

Dan Hawkins reported that there is a six-inch line across Cedar Mesa Road serving the subdivision, and extending far enough into the subdivision to take care of the first phase. The 2 1/2-inch line on Cedar Mesa Road will need to be upgraded. Mike Mason has contributed \$3,000 toward the upgrade.

Mike Mason said he is aware of the requirement to provide water in the amount of one acre-ft. per tap. He owns Leon Lake water which he can contribute. He asked if the amount could be reduced to 1/2 acre-ft. per tap, because Leon Lake has been decreed for domestic use, and there would no longer be a loss of water by using irrigation water for domestic. The Board discussed this request. It was pointed out that the resolution adopted in July of 2006 specified one acre-ft per tap. It was generally agreed that this should remain in effect to assure that the Association has sufficient water even in drought years.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to commit for two taps for the first phase, pending the adoption of a development agreement. Terms of the agreement are to be that the developer contributes \$5,000 toward upgrading the Cedar Mesa Road main line, developer pays for all internal subdivision pipelines and fire hydrants, and a plan for phased development is followed. All taps purchased will be subject to the price and conditions in effect at the time of purchase.

MOTION CARRIED with no opposing votes

Kasper Major

Dan Hawkins reported that Naomi Kasper wrote a letter asking the Association to extend a tap commitment for the Kasper Family Major, located on 2900 Road, Redlands Mesa.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to extend the tap commitment.

MOTION CARRIED with no opposing votes

Wolcott Major

Dan Hawkins reported that Steve Wolcott was due to purchase four taps in November in accordance with a letter of commitment provided in May, 2006. When he learned of the requirement to provide water, Wolcott purchased three taps instead. There was discussion of whether Wolcott should have been required to provide water, because Wolcott already owns three taps for the same property, purchased in 2005. Dan Hawkins said he does not know for sure whether this is a subdivision or a single property with multiple homes. He said he has not received any formal notice from Delta County or Wolcott that a subdivision is in progress.

After further discussion, it was agreed that all tap commitment letters will contain language that will bind the applicant to any future requirements and conditions in effect at the time of tap purchase.

Construction:

Surface Creek crossing and line replacement

Dan Hawkins reported that the replacement of 1400 feet of 4-inch steel pipeline has been replaced with 8-inch PVC. This stretch includes an overhead crossing of Surface Creek. Hawkins said the project went slowly due to weather and the rocky terrain. The pipe runs from the east end of Tabor Road to the intersection of Surface Creek Road and Tannin Road.

2600 Road, Cedar Mesa

Erik Fritchman is working on the line replacement at the south end of Cedar Mesa on 2600 Road. The route starts about ¼ mile north of the home of Ken Harfst, and ends at the north end of the Phillips orchard, a distance of about 4,000 feet. A road bore has been completed at the south end to move the line to the east side of the road. Two more road bores will be needed, one at the north end and one to service the Kensler tap on the west side of the road.

2007 Budget preparation:

A preliminary cash flow statement for 2006 was presented to the Board. Dan Hawkins said it is only an estimate, because the year has not ended yet. He reported that Helen Hawkins has expressed a desire to change her status to part-time. She will work afternoons, with Lynn Puls continuing to handle the office in the morning. Dave Watson has expressed a desire to continue as a part-time employee in 2007.

Jerry Figueroa asked how much employee time is used in dealing with new taps and subdivisions. Dan Hawkins said it is considerable, especially his own time. Jerry said he believes new membership fees could legitimately be used to help cover employee wages, even though wages are traditionally considered to be an operating expense.

Hawkins reported that \$100,000 had been unexpectedly received early in November from new taps sales. IRS rules require that the Association spends 85% of its income each year to maintain exemption from income tax. Hawkins said he calculates that at least \$50,000 will need to be spent by the end of the fiscal year to comply with this requirement. He suggested that a beneficial use of the money would be to pre-pay some principal on the Paonia State bank loan. He said some money could be used to increase inventory of pipe and other materials, but it will be difficult to be sure the money is spent in the remaining two weeks of the fiscal year.

MOVED BY Jerry Figueroa
SECONDED BY Dennis Grunkemeyer to make a principal payment to Paonia State Bank at least large enough to stay within the requirements of our tax exempt status.
MOTION CARRIED with no opposing votes

Annual Meeting preparation

Dan Hawkins said Director terms expire this year for Figueroa, Hawkins, Oliver and Kline. Both Jerry Figueroa and John Hawkins expressed their reluctance to remain on the Board, but agreed to stand for election this year. Jerry said he would like to step aside as Board president.

The following topics were suggested for the annual meeting agenda:

- Treatment plant security and capacity increase
- Backflow prevention - upgrading meter assemblies
- Leon Lake decree
- A five-year plan of capital improvements and employee requirements.
- Town of Cedaredge negotiations.

Meeting adjourned at 10:25 p.m.

Respectfully Submitted



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board Meeting
December 4, 2006

Jerry Figueroa called the meeting to order at 6:40 p.m. Board members present were: Jerry Figueroa, John Hawkins, Ellis Fritchman, Dennis Grunkemeyer, Bryan Klaseen, Herman Kline and Lynn Oliver. Also present were: Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the November 13, 2006 Minutes as read by Dan Hawkins.

MOTION CARRIED with no opposing votes

Financial Report:

Helen Hawkins pointed out corrections in the October 2006 Cash Flow Report, caused by two bounced checks. Concerning the November 2006 report, Dan Hawkins explained the two largest expenditures: a principal payment to the Paonia State Bank of \$75,000 and pipeline construction cost of \$59,000.

Hawkins said the savings account at Paonia State Bank was converted into two CDs. One 12-month CD at \$50,000 and one 6-month CD at \$20,625.73. Dennis Grunkemeyer suggested that the company also establish a line of credit in case we need emergency money in a hurry.

Bryan Klaseen asked about the payment of transfer fees. Dan Hawkins explained that the Association paid the transfer fees for some water purchased.

John Hawkins asked about a \$500 payment for work on the Treatment plant. Dan Hawkins explained that it was for the installation of heating tubes in the concrete slab on the west side of the building. The heat can be turned on manually if necessary to remove ice from the slab.

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the November 2006 Cash Flow Report.

MOTION CARRIED with no opposing votes

End of Month Report:

Dan Hawkins gave the Board an annual report on the state of the Association. There were 943 taps at the end of the year. The system used 100 million gallons in 2006. The Association's water resources are 224 million gallons. The recent decree for Leon Lake makes it possible for irrigation water to be exchanged for Leon Lake domestic water without a consumptive use penalty. This means all of the USCDWUA water is now legally usable.

Subdivisions:

Van Skiver Minor - Hanson Road

The proposed subdivision is located on Hanson Road (the north-south part) along the east side. One tap is requested. There are two pipelines on the west side of the property, a six-inch steel and a two-inch PVC. The PVC pipe would support the new tap, Hawkins said.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to commit a tap for the Van Skiver Minor Subdivision.

MOTION CARRIED with no opposing votes

Cedar Mesa Vineyard Minor, Tom Kertesz - Cedar Mesa Road & 2600 Road

Dan Hawkins said the property is located at the southwest corner of the intersection of Cedar Mesa and 2600 Road, and is 40 acres in size. There is presently one house with a water tap. Two more taps are requested. The main line is located on the north side of Cedar Mesa Road. Hawkins said a road bore was done under Cedar Mesa Road, and a one-inch line installed. There was discussion of whether the existing bore could be enlarged, or whether it is more practical to make a new bore. The need for an easement along the north side of the property was also acknowledged.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to provide two taps on the condition that the developer pays for a road bore and the cost of installing the line to the source and provides a deeded easement along the north boundary, apart from the County road right-of-way.

MOTION CARRIED with no opposing votes

Ed Cole Minor - Cedar Mesa Road & 2600 Road

This proposed subdivision is located directly east across 2600 Road from the Kertesz property described above. One tap is already installed serving the residence on the property. One additional tap is requested. Dan Hawkins said the source is a four-inch line along the east edge of 2600 Road.

MOVED BY Dennis Grunkemeyer

SECONDED BY John Hawkins to commit one tap for the Ed Cole minor subdivision.

MOTION CARRIED with no opposing votes

Construction:

2600 Road, Cedar Mesa

Dan Hawkins reported that a new pipeline was completed from the valve box north of Bob Phillips orchard to a point ¼ mile north of the Kenneth Harfst home. The ends of the pipeline have not been tied in yet, and the old galvanized line is still active. A pressure regulator is required at the north end. Also, a bore will need to be made across 2600 road to serve the Gary Kensler tap. There were recommendations from the Board that this pipeline be made large enough to accommodate future growth west of 2600 Road.

2007 Budget preparation:

Dan Hawkins presented the Board with two budget scenarios. Budget (A) would leave the price of membership and the monthly water charge as they are. Budget (B) would increase the membership price to \$11,000 and the monthly base rate to \$30. The effect of the budget with

the higher rates would be to provide some more capital improvement funds and increase the operating margin.

Hawkins gave the Board a report on the current salaries paid to the employees, and his recommended pay rates for 2007. He said the budgeted amount anticipates that another licensed treatment plant operator will be hired some time in 2007.

Hawkins also discussed a proposal to change the Association's health insurance plan. He said the employees are in favor of a plan proposed by Tom Voake, our health insurance agent. The Rocky Mountain Health Plan coverage would be changed to a \$4,000 deductible policy in which all costs are covered after the deductible has been satisfied. The deductible is covered by a Health Savings Account (HSA), which can be funded by the Association and/or the employees. If the HSA is not used in a year, it may be rolled into the next year and continue to accumulate. Withdrawals from the HSA are not taxable if used for legitimate medical expenses. Hawkins said the costs for the HSA type policy would not be significantly different from renewal of the present policy. The Board had no objection to changing the health coverage.

After discussion, the Board reached a consensus that Budget (A) should be presented to the stockholders for adoption at the annual meeting.

Annual Meeting preparation:

A poll of the directors whose terms expire (John Hawkins, Jerry Figueroa, Herman Kline, and Lynn Oliver) confirmed that they all will accept nomination for another term.

Jerry Figueroa recommended that the stockholders be told of the number of feet of new pipeline built in 2003. Dan Hawkins said he would provide a map with locations and figures. Hawkins gave the Board a proposed five-year plan for capital improvements and operational improvements. After discussion, it was decided to present the plan at the annual meeting.

Jerry Figueroa said he wanted the Town of Cedaredge negotiations to be reported at the annual meeting. Dan Hawkins said he has not heard back from the Town on their stated intent to draft a resolution for the Board of Trustees to consider. He said the basic points of the agreement that he had requested from Town Administrator Katie Sickles were:

- Purchase price of \$175,000
- Term of payments not to exceed 20 years
- Interest rate to be 6.5%, which equals our interest to Paonia State Bank

Dennis Grunkemeyer asked what the total payout would be over 20 years at 6.5%. Dan Hawkins calculated it at \$317 thousand.

The meeting adjourned at 9:45 p.m.

Respectfully Submitted 
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Minutes of Board Organizational Meeting
December 12, 2006

Board president Jerry Figueroa called the meeting to order at 9:15 pm following the Annual Stockholders Meeting. He called for nominations for Board officers.

MOVED BY Bryan Klaseen
SECOND BY Herman Kline to appoint Dan Hawkins as secretary-treasurer.
MOTION CARRIED with no opposing votes.

MOVED BY John Hawkins
SECOND BY Bryan Klaseen to retain Jerry Figueroa as Board president and Herman Kline as vice president.
MOTION CARRIED with no opposing votes.

It was suggested that Kelly Peterson be invited to the annual Board dinner because he served on the board for half of 2006. The date for the dinner was set for January 4, 2007.

Meeting adjourned at 9:25 p.m.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board Meeting
January 8, 2007

Jerry called the meeting to order at 6:30 p.m. Board members present were: Lynn Oliver, John Hawkins, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to accept minutes of the December 4, 2006 Board Meeting and the Organizational Board Meeting on December 12, 2006.

MOTION CARRIED with no opposing votes.

The Minutes of the Annual Stockholders Meeting of December 12, 2006 were presented to the Board for review.

Financial Report:

Dan Hawkins pointed out the annual C.W.C.B. payment which is made each January, and explained the interest and principle amounts. He also addressed insurance payments which included the annual premium for building and auto, and the health insurance premium which was too high because Rocky Mountain Health Plans billed according to the previous year's policy instead of the new policy. The overpayment will be adjusted in a future statement.

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the December 2006 Cash Flow Report

MOTION CARRIED with no opposing votes.

End Of Month Report:

The Board reviewed the EOM report. One new tap was sold in December. The system used 6,014,170 gallons. The number of taps issued is now 944.

Municipal Powers:

Jerry Figueroa said he was concerned about the fact that the Town of Cedaredge has begun to comment on proposed subdivisions that are outside the Town limits. He said he is aware of an "area of influence" that exists for a radius of three miles around the town. He said he would like to get some legal advice about the powers the Town might have over Association activities and facilities in case parts of our service area are annexed.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to find an attorney to come to a meeting to discuss these problems.

MOTION CARRIED with no opposing votes.

Subdivision:Ward Meadows Major

Dan Hawkins reported that Steve Ward, owner of property in Dry Creek along the north side of Cedar Mesa Rd. and the west side of Rimrock Rd. has requested an extension of time to purchase taps. He was previously supplied with a written commitment for four taps, but the time to purchase them has expired. The letter had also required a pipeline upgrade to be paid for by the developer, increasing the size of the 2½ inch line to 4" to serve the subdivision.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman that a letter of commitment shall be written with the same conditions as the previous letter plus the requirement that the developer provide one acre foot of water per tap with the four taps. The Association Manager shall check the current sketch plan of the subdivision to assure it is essentially the same as was proposed earlier.

MOTION CARRIED with no opposing votes.

Construction:Delta County work on Rimrock Road

Dan Hawkins reported that the road and bridge department plans major work on Rimrock Road between Cedar Mesa and Redlands Mesa. The culverts in Dry Creek, Currant Creek, and Durkee Ditch are to be dug out and replaced. Afterward, the height of the road is to be raised over Dry Creek to eliminate the dip that is presently there.

Hawkins said the project is risky because two USCDWUA pipelines run in the edges of the road. The west side has a 2½ inch galvanized which is 47 years old. The east side has an 8 inch steel line installed in 1998. Both lines operate at 420 psi.

Hawkins said the problems for USCDWUA are the possibility of damage to the lines during the culvert replacement, and the raising of the road surface over Dry Creek. The proposed new road level will cause the pipelines to be buried more than eight feet deep. He said he expressed these concerns to County road foreman Dan Sickles and County Commissioner Wayne Wolf. Wolf pledged to take whatever precautions USCDWUA recommended to support and reinforce the pipes while they are exposed, and offered to provide excavation and installation of new pipelines if required.

Hawkins said he recommends that the 2½ inch galvanized pipe be replaced entirely for the ¼ mile length of the project. The replacement pipe should be 4 inch PVC. A part of the 8 inch steel line should also be replaced after the road fill is complete, so it is buried at a more accessible depth.

Rita Trninich line extension

Dan Hawkins reported that Rita Trninich owns a two-acre parcel which is orphaned from her main property by a new alignment of 2550 Road. It is located on the east side of the Lone Pine ditch south of her residence. She has requested a water tap for the parcel, and has asked how to serve it. The property is currently crossed by a pipeline connected to the main on the west side of 2550 Road and running east to serve Lana Sulkey, Tom Jones, and Drake Waehner.

The line is a one-inch black polyethylene, and has been repaired several times.

Hawkins said he would like to abandon the polyethylene line and serve the three existing taps plus the Trninich parcel with a new line from the north. He said provisions have already been made to extend a line south from the intersection of 2550 and Q75 Roads. A four inch line crosses Q75 and dead ends about 60 feet south. The remaining distance to serve the Trninich parcel and the existing taps is about 600 feet. Mrs. Trninich has offered to help pay for the line.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to extend the four-inch line and sell Rita Trninich a tap provided she helps pay for extending the main line to her tap site. In addition, the remaining polyethylene line is to be replaced and the three existing taps reconnected to the new line.

MOTION CARRIED with no opposing votes

Timothy Road line replacement

Dan Hawkins reported that a pipeline upgrade on Timothy Road had been discussed in 2006, and it was decided to replace the existing 3/4 inch galvanized line with a new line starting at the valve vault on the Hoot Owl Valley line and extending eastward about 1200 feet to the end of Timothy road. Hawkins said the project is expected to get started in the next few weeks, if the weather warms up. There will be at least two participants in the cost of the project.

Other

Jerry Figueroa reported that the Town of Orchard City has applied for a grant from DOLA to build an interconnect line between USCDWUA, Town of Cedaredge, and Orchard city pipelines. The interconnecting pipeline would begin on Ute Trail Road just west of Milk Creek, where the Cedaredge and USCDWUA lines are next to each other. A new line would run west along Ute Trail to a point about 1/2 mile west of Highway 65 to connect with the Orchard City main line. There are several design issues yet to be resolved, including the fact that the line will need to be kept in circulation, which means that it will be a part of the USCDWUA distribution system. USCDWUA will need to be intimately involved with the design to ensure it will operate properly within our system and meet our future needs.

Meeting Adjourned at 8:25 p.m.

Respectfully Submitted


Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board Meeting
February 19, 2007

Board members present were Jerry Figueroa, John Hawkins, Bryan Klaseen, Lynn Oliver, Ellis Fritchman, and Herman Kline. Also attending were Nate Keever, Lawrence MacKendrick, Dan Hawkins and Helen Hawkins.

The Board met in executive session with attorney Nate Keever of Grand Junction to discuss the lease-purchase agreement submitted by the Town of Cedaredge. Mr. Keever was instructed to modify the contract and submit a revised copy in time for the next regular Board meeting March 12. Mr. Keever left, and the regular meeting began.

Minutes

Corrections were offered for the minutes in the section covering Ward Meadows Subdivision. The subdivision lies west of Rimrock road, instead of east as stated in the minutes. Also, the motion concerning tap commitments was clarified to say that the developer will provide one acre foot of water per tap for the four taps requested. Hearing no further corrections or additions, Chairman Figueroa declared the minutes approved as amended.

Financial Report

Dan Hawkins presented the cash flow report for January, 2007. Hearing no objection or correction, Chairman Figueroa declared the report accepted as presented.

Subdivisions

Cialkowski Re-subdivision (Major), Hanson Road:

Dan Hawkins reported that he received notification from Delta County about re-dividing the Cialkowski Minor located on the north side of (north) Hanson Road. There are presently three lots, all of which have taps installed. Two more lots are proposed. Delta County has classified it as a major subdivision. Hawkins asked if the developer will be required to furnish water, as the property now requires five taps.

There was discussion over whether to require water for all five taps, or just the two new ones. There was also discussion of the availability of fire protection. Hawkins said the pipeline running north and south through the subdivision is 2-inch, and the line along Hanson Road is 1¼-inch. The Hanson Road line is proposed to be replaced this year, which will provide adequate water for a hydrant. Depending upon where a hydrant is placed, some of the 2" line may need to be upgraded. After discussion, it was

MOVED BY Jerry Figueroa

SECOND BY Bryan Klaseen to commit two taps for the Cialkowski Subdivision on the condition that two acre feet of water are provided to USCDWUA by the developer, and that any necessary upgrades to the system for fire protection are paid for by the developer.
MOTION CARRIED with no opposing votes.

Koos "Pine Ridge" Major, Cedar Mesa Road:

Dan Hawkins reported that David and Betsy Koos have inquired about the availability of water taps for a 13 lot major subdivision on Cedar Mesa Road one mile west of the intersection with 2600 Road. The property is 40 acres, lying southwest of the corner where Cedar Mesa Road turns north. It is the NW¼, NW¼ of Section 33, Township 13 South, Range 94 West.

Hawkins said the water source would be a 4" pipeline which comes to the corner from the north and from the east, feeding from both directions. He said an application has not been made to Delta County yet, that the Kooses are looking for preliminary assurance that water can be available. He said they are aware of the requirement to bring one acre foot of water for each tap, and have expressed no objection.

After discussion, it was

MOVED BY Jerry Figueroa,

SECONDED BY Bryan Klaseen to give Koos a letter of intent to provide water, contingent upon adoption of a development agreement covering all conditions to be imposed by USCDWUA.

MOTION CARRIED, with no opposing votes.

Trninich Minor, Peach Road:

Dan Hawkins reported that Adrian Trninich had called asking about the availability of two taps on the west side of Peach Road one mile south of Cedar Mesa Road, where Peach Road turns west. Hawkins said the capacity of the 2½-inch Peach Road line has been increased by connection with the new line in the Koos Minor subdivision north of the Trninich property. Hawkins said domestic service will be no problem, but the line will not support a fire hydrant.

After discussion, it was

MOVED BY Bryan Klaseen,

SECONDED BY Lynn Oliver to inform Adrian Trninich that two taps are available. If it is necessary to upgrade the Peach Road line for fire protection, Trninich will be charged ⅓ the cost of the upgrade.

MOTION CARRIED with no opposing votes.

Construction

Rimrock Road culvert replacement: Dan Hawkins said Delta County has replaced the culverts for Dry Creek, Currant Creek, and Durkee Ditch without doing any damage to the Association pipelines. He said the next phase of the project will be to fill in the dip at the Dry Creek crossing, which will require some new 8-inch pipe to be laid replacing a section of the pipe that will be buried too deep. He said the pipe is on order. The 2½-inch pipe on the other side of the road will be replaced with four-inch at the same time.

Timothy Road Line Replacement: Hawkins said upgrading the Timothy Road line for a distance of about 1100 feet will begin as weather permits.

T75 Road freeze problems: Hawkins reported that a galvanized main line froze on T75 Road east of Surface Creek Road, putting one home out of water. The line was thawed out by Bob's Welding out of Delta, who responded within an hour of our call. Residents of the house

were instructed to leave the water running, and agreed to do so. The next day (Saturday), the line froze again. It seemed they had not left water running. Bob's Welding again responded promptly. The residents were advised again to leave water running. Hawkins said that particular spot has frozen in the past during cold winters like this one. He recommended replacing at least a part of the line to bury it deeper.

Other

Jerry Figueroa explained that the Grand Mesa Water Task Force is not dissolving, as some may have claimed. He said he is now the chairman of the group, replacing Tom Huerkamp. He said the current focus of the group is on construction of a reservoir on Surface Creek, possibly located either on Forest Service or on private property (Vela). The reservoir could be advantageous to both USCDWUA and the Town of Cedaredge, because a domestic water intake could be designed into it, and pipelines constructed to both treatment plants.

Jerry asked the Board if this would be a project the Association could support. The general consensus was that such a reservoir could be beneficial, especially if the intake is designed to take water from various levels in the reservoir to obtain the best quality under different conditions.

Meeting adjourned at 9:45 p.m.

Respectfully Submitted


Dan Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board Meeting
March 12, 2007

Jerry called the meeting to order at 6:34 p.m. Board members present were: Lynn Oliver, John Hawkins, Herman Kline, Ellis Fritchman, Jerry Figueroa, Dennis Grunkemeyer and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins; Pat Fox, Lawrence MacKendrick, Karen Black, Chad Lawton and Sylvia Lawton.

Minutes:

John Hawkins pointed out that a correction that was made to the January minutes was still incorrect. Lot 4 of the Ward Meadow Major Subdivision lies on the west side of Rimrock Road.

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the February 19, 2007 Board Meeting as corrected.

MOTION CARRIED with no opposing votes

Financial Report:

Herman Kline asked about the payment for mapping software. Dan Hawkins explained that it was for an upgrade to the DeLorme mapping software which has been in use by USCDWUA for several years. There was a discussion about the wall map, which has been painted over in preparation for renewing. Hawkins said his plan is to print the map, using the new software, onto large size sheets of paper and paste them onto the map board. He said the same maps on smaller sheets would be bound together into a system atlas for use in the field.

Dennis Grunkemeyer asked why there is a significant difference in interest and principle payments for Paonia State Bank from month to month. Helen Hawkins showed him the Paonia State Bank file showing how the figures are derived. The gross payment amount is the same each month. The part credited to interest is calculated on the number of days since the last payment was received. A difference of a few days can make several hundred dollars difference in the interest.

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the February Cash Flow Report.

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

The usage was high partly due to people running water to protect against pipes freezing. There was also a leak discovered and repaired.

Town of Cedaredge Agreement:

Dan Hawkins distributed to the Board a lease purchase agreement as revised by attorney Nate Keever. The revised version differed from the original proposal by Cedaredge in that it

contained language making it more difficult for Cedaredge to unilaterally stop payments. In such case, USCDWUA will have the opportunity to purchase an additional 40% share of the treatment plant at the same dollar-per-share ratio proposed in the Cedaredge buyout offer. Also, in the event of Cedaredge default, a new operating agreement is to be negotiated rather than falling back on the existing one. Another significant difference in the revised agreement is that the section referring to adjustment of service territories is deleted. The Board had decided that issue should be handled separately from the purchase agreement

Jerry Figueroa raised a question about a clause which prevents the Town from doing "major" improvements to the treatment plant without permission from USCDWUA. He said it might be better to insert a fixed dollar amount. After discussion, Jerry agreed to defer to the judgement of the attorney. Dan Hawkins was instructed to ask the question of Nate Keever and to accept his opinion.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept the lease-purchase agreement as revised by attorney Nate Keever, and to authorize Mr. Keever to send the new version directly to the Town attorney if he thinks that is appropriate.

MOTION CARRIED with no opposing votes

Subdivisions:

McBrien Major, Redlands Mesa - John and Kathy McCombs

Dan Hawkins described the location on North Road, at the east edge of Redlands Mesa, about ¼ mile north of the Marshall Subdivision. Delta County Planning is calling the subdivision a major, because it is a re-subdivision of an older family split that created a six-acre and a 35-acre parcel. The six-acre parcel is to be divided into three lots. One lot already has a house and water tap, issued to McCombs. Hawkins said there is a four-inch water line on adjoining property west of the subdivision, with a two-inch line connected to it and entering the McCombs property, at a location convenient to serve the two taps.

There was discussion whether the developer should be required to provide water as a condition of granting taps. It was eventually decided that since there will only be three taps, water will not be required.

Hawkins said there is a bottleneck in the water supply the east end of Redlands because of a section of 2" pipe ¼ mile long along North Road west of the proposed subdivision. Hawkins suggested that the problem of the 2" line be discussed in conjunction with another subdivision in the same area proposed by Pat Fox.

Pat & Clare Fox: N Road

Mr. Fox said he owns about 35 acres on the north side of North Road, and is considering two more lots in addition to his residence, which already has a tap. The new lots will be on the east side of the property, and will need to be served by the previously mentioned 2" pipeline. Hawkins said there are already 18 taps being served by the 2" line.

Bryan Klaseen suggested that both Fox and McCombs should contribute to upgrading the 2" line on North Road because it is already at capacity. John Hawkins said the Association really

should have required the line to be upgraded at the time the Marshall Subdivision was done. He said there was talk of doing so, but nothing was required. After further discussion, it was agreed that it was primarily the responsibility of USCDWUA to upgrade the line because many taps have already been sold which depend on it.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to replace the 2" line without requiring contributions from McCombs or Fox.

MOTION CARRIED with no opposing votes.

MOVED BY John Hawkins

SECONDED BY Dennis Grunkemeyer to provide a letter of commitment for two taps for the McBrien subdivision for the standard six-month period, with the statement that all terms and conditions in effect at the time of purchase shall apply.

MOTION CARRIED with no opposing votes

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to provide a letter of commitment for two taps for Pat and Claire Fox for the standard six-month period, with the statement that all terms and conditions in effect at the time of purchase shall apply.

MOTION CARRIED with no opposing votes

Dan Hawkins said that an alternate way to augment the supply for the east end of Redlands would be to run a pipeline from Redlands Mesa Road, one mile to the north. This brought up discussion of Richard Hall's proposal for an easement, which had been discussed at a previous board meeting in 2006. Mr. Hall had offered an easement of approximately ½ mile across his property lying on the south side of Redlands Mesa Road. In return, he asked USCDWUA build a pipeline from the main to his building site, a distance of about ¼ mile.

Jerry Figueroa said that could cost \$12,000, which he thought was too much to pay for an easement. Dennis Grunkemeyer suggested negotiating, perhaps offer to provide the materials if Hall does the trenching. John Hawkins said he would like to have Richard Hall come and talk to the board to see if an agreement could be reached. Dan Hawkins said he did not know if Hall had started his own pipeline yet, that he had mentioned recently that he was about ready. Hawkins agreed to talk to Hall.

Re-subdivision of Roberts Partition, Cedar Mesa - James and Karen Black

Dan Hawkins reviewed the situation with the Roberts Partition subdivision, north of Panorama Heights on Cedar Mesa. The subdivision was created by court order to settle an estate. Lots were laid out without regard for the existence of the Association main water line which serves Panorama Heights as well as two lots in the Roberts Partition.

Karen Black addressed the Board, saying that she and her husband are the owners of lots 7, 8, and 9. They wish to re-divide lot 9, which has the main water line and two service lines running through the middle of it. She would like to move the main line out of Lot 9, and she believes it would be beneficial to relocate the entire pipeline.

Mrs. Black said she has contacted the other lot owners in the subdivision to determine their interest in relocating the water line so that it is taken out of the lots and placed in easements along lot lines and along the road easement through the subdivision. She said that some have expressed interest, but are reluctant to make a financial contribution, especially not knowing how big the contribution would need to be.

Dan Hawkins said the most logical way to route a new pipeline would be from the regulator box at the north end of the subdivision, following the east line of Lot 6 south until intersecting the road and utility easement, following it southwest and south to the north end of Panorama heights where it could connect back to the existing pipe. He said the distance is 1900 feet, and the cost would be \$25,000. If all lot owners contributed equally, the cost per lot would be \$2,777.

Discussion indicated that the Board is willing to relocate the pipeline, but not at Association expense. Jerry Figueroa explained that the Board needs to protect the rights of existing shareholders, who did not create the problem and will not benefit from relocating the pipe.

John Hawkins said he can see that the position of the pipeline and the slope of the ground will make it difficult for septic systems to maintain the required distance from the pipeline, leaving little room for buildings.

Karen Black asked that if the line were to be relocated, would it be upgraded to a larger size that would support fire hydrants. The Board agreed that upgrading would be prudent.

Mrs. Black asked for a letter from the Manager expressing the Board's position and estimating the cost of relocating the line. She said she would try again to generate interest among the other lot owners contributing towards relocating the line.

Other

Jerry Figueroa reported that the Grand Mesa Conservancy District has taken over the Grand Mesa Water Task Force. The current focus of the group is to construct a reservoir on Surface Creek located on private land. The reservoir would regulate the flow of Surface Creek and would be beneficial for domestic use in settling out silt. He said the Town and USCDWUA would benefit by having intakes in the reservoir at various levels to seek the best water quality at different times of the year.

Meeting adjourned at 9:30 p.m.

Respectfully submitted



Dan Hawkins Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Board Meeting

April 9, 2007

Jerry Figueroa called the meeting to order at 7:55 p.m. Board members present were: Lynn Oliver, John Hawkins, Herman Kline, Ellis Fritchman, Jerry Figueroa, Dennis Grunkemeyer and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins, Lawrence MacKendrick and Martin Fiala, a member who said he was attending to learn about the Association.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the March 12, 2007 Minutes as written and mailed to the Board members.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins presented the cash flow report for March. He said there is a problem with Pinnacol, the insurance carrier for workers compensation. Their premium statement listed Jerry Figueroa and Herman Kline as covered employees, as well as Dan Hawkins covered as both employee and officer. The result is that the insurance premium is higher than it should be. Hawkins said he is working with Pinnacol to get the account corrected.

Hawkins explained other expenditures on the report. A 2001 Ford truck was purchased for \$13,800. A tester for backflow prevention devices was purchased for \$1,327.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to as the March 2007 Cash Flow Report

MOTION CARRIED with no opposing votes

End of Month/System Usage Report:

The Board reviewed the end of month report for March. Dan Hawkins noted that water usage was a little high due to the spring pipeline flushing.

Review of Water Requirements for Taps:

The Board held a work session prior to the meeting to discuss a meeting Dan Hawkins attended with the County Planner and to discuss a letter from attorney Greg Helmsing in regard to the Cialkowski subdivision.

MOVED BY Bryan Klaseen.

SECONDED BY Dennis Grunkemeyer to adopt a resolution requiring that water will be required with each tap purchase. The manager is instructed to have attorney Nate Keever review the resolution

MOTION CARRIED with seven members voting yes, none voting no.

Town of Cedaredge Agreement:

The board reviewed a letter from Cedaredge Town Attorney Gregg Stanway to Nate Keever. The Town objects to the clause which would allow USCDWUA to purchase a greater share of the common facilities in the event of the Town defaulting on the buyout. Mr. Stanway wrote that the Town may not have the ability to sell any part of the common system without a vote of the citizens. Dan Hawkins reported that Attorney Keever said the comments made by Stanway were appropriate, and it may be necessary to find another way to bind the Town to the agreement.

Subdivisions:

Pinion View Major, Leslie Musselman, intersection of Cedar Mesa and Cactus Park Roads.

Dan Hawkins gave the Board Members a copy of the sketch plan for the subdivision located on the south side of Cedar Mesa Road near the intersection with Cactus Park Road. The plan is for eleven lots. Hawkins said there is a four-inch main line on the north side of the property. However, the supply will need to be increased to six-inch to meet fire flow needs. The nearest six-inch line is about 700 feet north of the property, on the west side of Cactus Park Road. Hawkins recommended that developer be required to extend the main line south along Cactus Park Road and across Cedar Mesa Road to the subdivision.

Hawkins said this subdivision was tabled at the Cedaredge Area Planning Committee meeting, because the committee did not feel enough information was presented.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to provide domestic water for lots in the Pinion View Major Subdivision if all applicable requirements are met, and the developer pays for extension of the Cactus Park Road pipeline.

MOTION CARRIED with no opposing votes

Holmes Minor, Jeff Holmes, 24821 Cactus Park Road

Dan Hawkins reported that this is a re-subdivision of a 10-acre lot in Deer Run Minor. There is presently one house on the property, with a tap. Two more taps will be needed. This subdivision appears to coincide with the re-subdivision of the adjacent lot to the north. The sketch shows access and utilities shared between the two lots. If this is the case, there will be four taps required for the two developments. Hawkins said he has not heard for certain that the parcel to the north is being subdivided. He said there was an application for it sometime in the past, but no taps were purchased, and its current status is unknown.

Hawkins said the source of supply would be the six-inch line along the west side of Cactus Park Road. A pipeline will need to be constructed along the access and utility corridor between to two subdivisions to serve the new lots.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to provide water for the Holmes Minor Subdivision provided all applicable requirements are met.

MOTION CARRIED with no opposing votes

Little Mesa Minor, Linda Baker, 26810 North Road on Redlands Mesa

Dan Hawkins said this subdivision is located across North Road from the proposed Sunrise View Minor, which was discussed last year. One new tap is proposed, with a second lot to be served by an existing well.

Hawkins recommended that the developer be required to participate in construction of a main line extension from the east along North Road, as was required of the Sunrise View Minor.

Jerry Figueroa expressed reservations about serving a subdivision where there is a well. After discussion, it was decided to table action on this subdivision, until more can be learned about the status of Sunrise View, and the County's position on use of the well.

Roberts Partition

A letter was presented to the Board from the Delta County Health Department, recommending that the main line through the Roberts Partition be moved to avoid interference with future septic systems. Dan Hawkins said he forwarded the letter to Karen Black, who is making an effort to get financial contributions from the other lot owners. Hawkins also said he has replied to the Health Department that the Association is willing to move the pipeline, but only if it is paid for by the lot owners.

Construction/Repairs:

Timothy Road

Dan Hawkins reported the new four-inch line on Timothy Road is finished. Several taps need to be tied over to the new line. About on-half mile of old galvanized pipeline can be abandoned when the taps have been moved.

Leaks -four leaks were repaired:

Q50 Road, rusted 1" galvanized pipe.

Q25 Road, coupling failed on 4" PVC line.

Surface Creek Road, glue joint failed on 3" PVC line.

Cactus Park Road, coupling failed on 2" PVC line.

Activation of Tabor-Tannin Road pipeline

The new 8" pipeline and creek crossing installed by Huff last fall was left inactive during the winter. It was turned on and placed in service early in April without problems.

Other:

New Pickup

Dan Hawkins discussed the purchase of a 2001 Ford crew-cab pickup. He said the back seat in the cab will be useful when taking passengers. Hawkins said he had compiled summary of total cost of ownership on the Association vehicles since the first ones were bought in 1995. The total cost was \$0.35 per mile. Hawkins said the estimated cost if new vehicles were purchased would be \$0.66 per mile. Jerry Figueroa said the cost of new vehicles would be offset against the time spent by employees servicing and repairing them versus dealer warranty work.

Backhoe Repair

Hawkins reported the backhoe was sent to Benson Brothers for repair and service. Some hydraulic cylinders were rebuilt, and belts and hoses were replaced.

Discussion of a possible new employee

Bryan Klaseen asked if any progress was being made to hire a new employee. Dan Hawkins said he had been approached by Tim Frey, who is a journeyman plumber. Tim does not have any water operator certification, but Hawkins said with his background he would probably get licensed without problems. It was generally agreed to talk some more with Tim Frey.

Contact Orchard City about contract

Ellis Fritchman asked if the Association is still trading Surface Creek Ditch and Reservoir water to Orchard City in exchange for Alfalfa Ditch. Dan Hawkins said the contract is worded to be perpetual until cancelled by the parties. Jerry Figueroa said he believes Orchard City has plans for using that water to exchange for filling their planned reservoir by their treatment plant. Hawkins said he would confirm the status of the Alfalfa Ditch water.

Attorneys

There was a discussion about whether the company should use Nate Kever as the company lawyer. Dan Hawkins said Kever is considerably more expensive. Opinions were expressed about the relative merits of both lawyers. No formal action was taken.

Respectfully Submitted 
Dan A. Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board Meeting

April 12, 2007

A special meeting was called at 12:00 noon at the Apple Shed in Cedaredge. Board members present were: Lynn Oliver, John Hawkins, Herman Kline, Ellis Fritchman, Jerry Figueroa, Dennis Grunkemeyer and Bryan Klaseen. Also present was Dan Hawkins.

Dan Hawkins said there is a six-inch main line on Redlands Mesa on the east side of Rimrock Road, going north from Redlands Mesa Road about 3/8 mile and serving one tap owned by Kirk Fry. A new house is being built north of Fry by member Bruce Pendleton. Both the Fry and Pendleton taps are on the west side of Rimrock Road. There is a road crossing for the Fry tap that could be used to serve the Pendleton tap. Hawkins suggested that the Association ask for a contribution from Pendleton equal to his cost of running his service line from the Fry Road crossing, and apply that contribution to extending the main line north.

Hawkins said the main line could eventually be run further on Rimrock road into Dry Creek where it can be connected into the eight-inch Redlands supply line, augmenting the supply to Redlands.

After discussion, it was

MOVED BY Ellis Fritchman,

SECONDED BY Bryan Klaseen to extend the six-inch line north on Rimrock Road with a contribution from Pendleton equal to the cost of his service if connected to the Fry road crossing.

MOTION CARRIED with no opposing votes.

Lunch was served, then Jerry Figueroa gave an update on the progress of the Water Task Force and its efforts to establish a reservoir on Surface Creek. He said a major problem is convincing citizens of the valley that future water needs cannot be met with the existing storage. The Board discussed the situation at length.

Meeting adjourned at 1:30 p.m.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
May 14, 2007
Board Meeting

Herman Kline called the meeting to order at 7:30 p.m. Board members present were: Lynn Oliver, John Hawkins, Herman Kline, Ellis Fritchman, Dennis Grunkemeyer and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins, and Lawrence MacKendrick.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the April 9, 2007 Minutes as written and delivered to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

Herman Kline pointed out that three new memberships were sold, with two assigned to Rick Beveridge. Helen Hawkins said actually all three were for Mr. Beveridge.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to accepted the April 2007 Cash Flow Report as corrected.

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins pointed out that USCDWUA has sold 8 taps through April and have sold two more in May. Thirty taps were forecast for the year.

Lynn asked if we are in the process of replacing old meters. Dan Hawkins said the oldest meter assemblies are being totally removed as they were assembled from galvanized pipe. They are being replaced by new yokes with backflow prevention.

Review of Water Requirements for Taps:

Dan Hawkins said the office has received a number of comments on the new policy requiring every new tap to furnish water. Most were in favor of the policy. The comments taken so far were given to the Board members to study.

Hawkins said it is not possible to purchase water from any of the acceptable companies in increments of one acre foot. This leaves two possibilities for dealing with surplus water brought with new taps, either purchase the excess or allow the establishment of a water credit account.

There was lengthy discussion of a price the Association should pay for excess water. Dan Hawkins said market prices vary a great deal. Orchard City pays \$1,800 per acre-ft. Some water is now on the market at \$10,000 per acre foot.

There was also discussion of a water credit account, whereby contributors of excess water would be allowed to apply it against future taps, or sell it to another party to use for new taps. It was generally agreed that the credit account would be a good idea, but it should be established with advice from an attorney.

MOVED BY Dennis Grunkemeyer
SECONDED BY Ellis Fritchman to set a price of \$2,200 per acre foot which the Association will pay for excess water furnished to obtain a new tap. A water credit account may be established, subject to review and approval of the company attorney.
MOTION CARRIED with no opposing votes

Cole Reservoir #3 as a possible water source:

Dan Hawkins reported that Guy Miller has purchased property on Cedar Mesa on the south side of Q25 Road, and east side of 2550 Rd. He is interested in subdividing, creating two new lots. He owns ½ interest in Cole Reservoir #1, now also known as Cherry Lane. Hawkins asked the Board if the reservoir could be considered as a water source to back up new taps.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to table this question until the next meeting, and to obtain more information about the reservoir.
MOTION CARRIED with no opposing votes

Town of Cedaredge Agreement:

Dan Hawkins said a work session has been arranged with the Town Trustees on June 14 to discuss the lease-purchase agreement. The Board reviewed a letter from Gregg Stanway listing the Town's position on several of the paragraphs. It was agreed to table further discussion until the next meeting. In the meantime, Dan Hawkins is to confer with the Town Administrator to see how much common ground exists.

Subdivisions:

Munis/Homes Adjacent Minors, 24821 Cactus Park Rd.

Dan Hawkins said that two adjacent parcels are being developed concurrently into minor subdivisions. Both are along the west side of Cactus Park Road due north of the Sorrento Heights subdivision. A common access and utility easement has been established between the two parcels. Each subdivision will require two new taps. The source for both would be a six-inch main line on the west side of Cactus Park Road. He said there is no difficulty with domestic supply or fire protection at the site.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to sell four taps, two each to the Munis and Holmes minor subdivisions, subject to all USCDWUA requirements.
MOTION CARRIED with no opposing votes

Little Mesa Minor - Linda Baker, 26810 North Rd.

Dan Hawkins said this subdivision had been tabled at the previous USCDWUA Board meeting pending more information. He said he now believes the subdivision should be considered along with the Sunrise Minor previously proposed in the same vicinity. He suggested that the system upgrades specified for the Sunrise Minor should be shared with Little Mesa Minor to spread the cost. Hawkins said that by previous Board action, Sunrise Minor was required to pay half the cost to extend a main water line along North Road from the east 2600 feet, and

interconnect the new line with the two-inch line coming from the west. These upgrades will also benefit Little Mesa Minor.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to approve the sale of one tap for Little Mesa Minor and to propose cost sharing system improvements with USCDWUA paying one-half, Little Mesa paying one-sixth, and Sunrise View paying one-third.

MOTION CARRIED with no opposing votes

Ridge Crest Minor - Richard Churchley, Cedar Mesa Rd.

Dan Hawkins said this minor subdivision is located on the west side of Cedar Mesa Road (formerly 2500 Rd.) about ¼ mile off the road, at the edge of the mesa overlooking Harts Basin. Two additional taps are required. The property is served by a two-inch main line which presently has three taps on it. There is a fire hydrant on the property, but it is on the two-inch line and may not be acceptable to the County. Hawkins said there is no problem with domestic service to two more taps.

MOVED BY Dennis Grunkemeyer

SECONDED BY Herman Kline to provide two taps with all USCDWUA conditions applied, and that the developer and County be advised of the limitations of the fire hydrant.

MOTION CARRIED with no opposing votes

Construction/Repairs:

Eight-inch steel line, Dry Creek

Dan Hawkins said 320 feet of steel line was replaced across Dry Creek due to the County Road work there. The new line was placed in service without water interruption to Redlands.

Leaks

Hawkins reported that a glue joint leak was repaired on a three-inch line on Surface Creek Road north of Tannin Road. Also, the new eight-inch PVC line between Tabor and Tannin Roads that was activated this spring developed a leak in a gasket joint. Huff Excavating repaired the leak at no charge.

Meeting Adjourned 9:15 p.m.

Respectfully submitted


Dan Hawkins, Secretary

Upper Surface Creek Domestic
Water Users Association
June 11, 2007
Board Meeting

Jerry Figueroa called the meeting to order at 8:50 p.m. Board members present were Jerry Figueroa, Lynn Oliver, Dennis Grunkemeyer and Bryan Klaseen. Also present were: Dan Hawkins, Helen Hawkins, Roy Wolf, Jim Whitney, Dennis Wolf and Kenneth Harfst.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the May 14, 2007 Minutes as sent to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins reported that \$13,000 was spent on pipe in preparation for some main line replacements. He also explained two identical payments for insurance, one of which was made in error and will be corrected in the coming month.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept the May 2007 Cash Flow Report as sent to the board members.

MOTION CARRIED with no opposing votes

EOM/Water System Report:

Dan pointed out the new taps purchased by Tom Cialkowski, who transferred 1/4 share of Surface Creek Ditch and Reservoir to the Association. That represents 2¾ acre ft. of water, so Cialkowski has a water credit remaining of ¾ acre ft.

Water Acquisition Policy:

Water credit accounts

Dan Hawkins reported that he had conferred with Aaron Clay about establishing water credit accounts for people who furnish excess water to the Association. Mr. Clay found no problem with the concept. He recommended that forms be developed to record all transactions, and that a water credit account should have a limited life. He suggested five years.

Hawkins proposed a system where a member may keep excess water with the association which may be applied to future tap purchases, or sold to another person to apply to tap purchases. At the end of five years, the remaining excess must be sold to the Association at the price set by the Board of Directors. Hawkins asked the Board to ratify the system, in that Mr. Cialkowski is already using it.

MOVED BY Bryan Klaseen

SECONDED BY Jerry Figueroa that the board ratify the Water Credit Account system as proposed by the manager.

MOTION CARRIED with no opposing votes

Ken Harfst Proposal

Mr. Harfst addressed the Board, offering to turn his water stock certificates over to the Association and have the water sold, one acre foot at a time, to tap applicants. Mr. Harfst said he owns 6.72 acre-ft. of Cedar Mesa Reservoir, and 4.24 acre-ft. of Leon Park. He proposed that, after all the water is used, the shares be transferred permanently to USCDWUA.

There was considerable discussion of the Leon Park water. Dan Hawkins said he had conferred with Jim Boyd, and learned that Leon Park leaks as it nears full, and so it is one of the first reservoirs to be pulled. Jerry Figueroa said he believes the water is not useful to the Association because it must be used early, before we really have a need for reservoir water. After further discussion it was

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer that USCDWUA agree to be a broker for Ken Harfst to dispose of his Cedar Mesa Reservoir water only. The manager is instructed to have an agreement drafted by Aaron Clay.

MOTION CARRIED with no opposing votes

Cole Reservoir #3 (Cherry Lane)

Dan Hawkins reviewed the request made by Guy Miller, the owner of property on Cedar Mesa, to use a partial interest in Cherry Lane Reservoir to cover tap purchases. The question was tabled at the May 14 meeting, to allow time to learn more about the reservoir. Hawkins said he had obtained a printout of the reservoir records from Jim Boyd. This reservoir is also known as a "leaker" that must be pulled early to get full use of the storage. The records show that available water is considerably diminished later in the season.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer that due to problems with the Cherry Lane Reservoir USCDWUA will not accept it as a source to cover tap purchases.

MOTION CARRIED with no opposing votes

Exemptions from policy for those having prior tap commitments

Roy Wolf: Mr. Wolf asked for a variance from the requirement to furnish water as a condition of tap commitment. He stated he was not informed of the policy when taps were first committed, and was not notified that such a policy was being considered. He also felt that he had spent considerable money extending Association pipelines with no participation from the Association. He asked if it was not common practice for the Association to furnish the oversize.

Mr. Wolf also said he had received the impression from conversations with Dan Hawkins that ten or more taps would be available for the future, beyond the two needed for the current minor subdivision. Hawkins answered that future taps were discussed, but no commitments were made beyond the two taps for the minor. Mr. Wolf left the meeting to allow the Board to discuss.

Dan Hawkins said he felt that one mitigating factor was that new taps could not be served until the new pipeline was completed. The rainy fall prevented that, and it was not completed and energized until this spring. He said the Association had not assumed the cost of the oversize because the line serves only the Wolf property at present. He said it is conceivable that other taps might be served by it in the future, but only close to the Wolf property.

Dennis Grunkemeyer asked what the cost of the oversize would have been if the Association had paid for a line bigger than two-inch, which would have been adequate for the minor subdivision. Dan Hawkins said it would have been about \$6,500. In addition, Wolf paid for a fire hydrant.

Jerry Figueroa noted that the \$6,500 is more than two acre-ft. of water would have cost. The Board discussed the situation further, and it was

MOVED BY Jerry Figueroa

SECONDED BY Lynn Oliver that the Company sell two taps to Roy Wolf and waive the requirement for water from Roy Wolf because Wolf upgraded and installed a 4 inch line at their cost of \$ 6,500.00. These two taps must be purchased before August 1, 2007.

MOTION CARRIED with no opposing votes

Edwin Cole:

Jerry Figueroa excused himself from discussion of this issue because he had assisted Mr. Cole with his minor subdivision. The problem raised by Mr. Cole is that his commitment letter did not mention anything about "future conditions placed on tap sales," as included now. He purchased his taps within the six-month time frame allotted.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer that the Company honors the six month commitment made to Edwin Cole as written. The commitment was made prior to the change of wording in the standard letter.

MOTION CARRIED with three ayes. Jerry Figueroa abstained.

Town of Cedaredge Agreement:

Dan Hawkins reported that the scheduled meeting to discuss the sale of USCDWUA's share of the Treatment Plant was cancelled by the Town. They have taken the position that nothing perceived to be in violation of Tabor can be in the agreement.

Subdivisions:

Perry's Pasture Minor - Clare and Pat Fox - 30079 North Road

Dan Hawkins said Pat Fox had attended a Board meeting in March and the Board agreed to provide two additional taps at that meeting. Hawkins said that a few days after the meeting, Mrs. Fox called to say they had decided against subdividing and would not need taps. No letter was written committing taps.

In a packet received from Delta County Planning, the statement is made that two taps "have been issued" for the subdivision by USCDWUA. Hawkins said he will write a letter clarifying the requirements for taps.

Michael Cole request to relocate tap for subdivision

Dan said that Michael Cole wishes to move a tap from one location to another on his property. The tap is an extra which Mr. Cole purchased to serve a mobile home, which is no longer there. Mr. Cole is thinking about a minor subdivision and would use the tap for one of the lots. There was no objection from the Board to moving the tap.

Steve Harper request for subdivision improvements agreement

Dan Hawkins reported receiving a letter from Steve Harper, who is subdividing property at the intersection of North Road and Rimrock Road on Redlands Mesa. Hawkins had written to Harper and Linda Baker, who is subdividing property across North Road from Harper, setting forth the cost of

pipeline improvements to be shared between them. Harper's letter requested a development agreement whereby he would purchase one tap up front, and fulfill the pipeline improvement obligation upon sale of the first lot.

The Board discussion concerned being fair to Linda Baker, as she only need one tap. It was generally agreed that the initial expense should be shared equally between the two.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen that one tap is to be purchased by Steve Harper and that he pay 1/6 of the pipeline improvement cost. The second tap and additional 1/6 of cost are to be paid upon sale of the first lot. All current and future conditions upon tap sales are to be applied. There will be a six month commitment for each tap. If either Harper or Baker drops their subdivision, their proportional cost of the pipeline improvements will shift to the remaining party.

MOTION CARRIED with no opposing votes

Current/proposed construction

Creek intake road

Dan Hawkins reported that the road along the raw water pipeline to the creek intake is being graveled and graded and culverts installed.

Cactus Park Road - new pipeline

Dan Hawkins said the Macfarlane brothers intend to install three taps on the 2½ inch galvanized pipeline along Cactus Park Road. Hawkins proposed that a section of the old pipe be replaced with six-inch PVC from 2550 Road east to the Cedar Mesa Ditch before the taps are installed.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to replace a section of pipeline on Cactus Park Road.

MOTION CARRIED with no opposing votes

Hanson Road - new pipeline

Dan Hawkins asked the Board to formally approve replacing the 1¼ inch pipeline on Hanson Road with a six-inch PVC line.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to build a new pipeline on Hanson Road, using six-inch PVC.

MOTION CARRIED with no opposing votes

Rimrock Road, Redlands Mesa - new pipeline

Dan Hawkins said he is awaiting the convenience of the contractor for the six-inch main line extension on Redlands Mesa along Rimrock Road. Bryan Klaseen said the contractor, Eddie Clements, is good but is always very busy.

Meeting adjourned at 10:00 p.m.

Respectfully submitted


Dan Hawkins, Secretary

Upper Surface Creek Domestic
Water Users Association
July 9, 2007
Board Meeting

Herman Kline called the meeting to order at 7.35 p.m. Board members present were: Herman Kline, Ellis Fritchman, Lynn Oliver, John Hawkins, Dennis Grunkemeyer and Jerry Figueroa. Also present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept minutes of the June 11, 2007 meeting as written and delivered to the Board.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out that there was \$ 60,000 in membership sales. He said the expense for backflow prevention was for meter resetters, which are used to retrofit meter yokes which do not have backflow devices. A database is being made of meters needing to be modified or tested.

Herman Kline asked about the repair to vehicles. Dan Hawkins said it was to repair the Chevy S-10 air conditioning compressor and door hinge.

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the June Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/Water System Report:

Dan discussed the report. The new taps sold in June brought the total to about half of the projected number in the budget. Hawkins said there was trouble keeping up with water needs for a week or two because of very hot and dry conditions. Unaccounted-for water was 7% of the total water treated.

Progress of water acquisition

Dan Hawkins reported that an agreement was drawn up by attorney Aaron Clay for the lease-purchase of Kenneth Harfst's Cedar Mesa Ditch water. To date, three acre-ft have been used to purchase taps. The amount remaining is 3.75 acre-ft.

Hawkins reported that Mike Folkerth has brought extra water to the association. At the time of the meeting, about eight acre-ft of water is available in the excess water pool.

Hawkins said that some people are wanting to purchase water from the Association pool in advance of buying taps at some time in the future. He asked if the Board wished to allow it.

After discussion, it was

MOVED BY Dennis Grunkemeyer

SECONDED BY Ellis Fritchman that in order to prevent people from speculating with water in the Association's excess water pool, it can only be purchased at the time of purchase of a tap. The wording in the document stating the rules for using excess water will be changed to clarify this.

MOTION CARRIED with no opposing votes

Subdivision Report

Stephen Harper, Sunrise View Minor, request for variance

Dan Hawkins presented Stephen Harper's written request to be released from the requirement to buy water for taps. Hawkins said that no letter of commitment was written for the subdivision until two months ago, because he was in continuing negotiation with Delta County regarding the alignment of North Road. The letter was written after the policy requiring water for taps was made. The consensus of the board was not to grant a variance.

Kenneth Shields, Magnificent Acres 19248 Surface Creek Road

This proposed minor subdivision will require one water tap. There is a second lot already served by a domestic water well. Dan Hawkins said the pipeline along Surface Creek Road is a three-inch line, and will serve another tap without problems.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to sell a tap to Kenneth Shields providing all standard requirements are met.

MOTION CARRIED with no opposing votes

Richard Cooper, Cedar Cove Minor, 19555 Surface Creek Road

Dan Hawkins said he has spoken with Mary Ann Hennessy, who is representing Richard Cooper. She is aware of the requirement to furnish water for taps. Two taps will be needed for the subdivision. There is a two-inch main line on the property that can serve the two new taps with no problem.

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to approve the sale of 2 taps to Richard Cooper providing all requirements are met.

MOTION CARRIED with no opposing votes

Heavy Water Use

Dan Hawkins said that on Saturday, June 23, water use was so heavy that it was impossible to keep up, especially on Redlands Mesa. The tanks were not refilling at night, and were dropping progressively lower. At 10:00 a.m. Saturday, Hawkins requested a "reverse 911" notification of all customers to stop outside watering. The process did not go smoothly, and the

call did not go out until after 4:00 p.m. Hawkins said the Delta County office of Emergency Preparedness had lost the Association map that was supplied several years ago, and it was difficult to reconstruct it because the emergency 911 service is contracted out and the contractor did not seem to be familiar with Delta County road names.

Hawkins said that in spite of the delay, it was successful in controlling water use, and the tanks began recovering immediately.

Cedar Mesa Tank

Dan Hawkins said the problems on June 23 illustrated the need for storage and larger pipelines at the north end of Cedar Mesa. At present, there is a four-inch line which approximately follows Lone Pine Ditch. During heavy demand on Redlands and the east end of Cedar Mesa, that line becomes empty at the high end. Several taps, especially Tom Nichols, can run out of water.

Hawkins asked the Board for permission to engage an engineer to begin work on designing a storage site on the BLM parcel at the high end of Cedar Mesa, and to investigate several alternative materials and methods for building a tank.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to engage an engineer to look at the Cedar Mesa Tank Project and explore alternatives. The Manager is to proceed with obtaining necessary BLM permits.

MOTION CARRIED with no opposing votes

Meeting adjourned 9:15 p.m.

Respectfully Submitted


Dan A. Hawkins, Secretary

Upper Surface Creek Domestic
Water Users Association
August 13, 2007
Board Meeting

Jerry Figueroa called the meeting to order at 7:35 p.m. Board members present were Jerry Figueroa, John Hawkins, Herman Kline, Lynn Oliver, Dennis Grunkemeyer, Bryan Klaseen and Ellis Fritchman. Also present were Dan Hawkins, Helen Hawkins, Lawrence MacKendrick and Anne Sievers.

Minutes:

MOVED BY Herman Kline
SECONDED BY Dennis Grunkemeyer to accept the minutes of the July 9, 2007 meeting as written and sent to the Board
MOTION CARRIED with no opposing votes

Financial Reports:

Dan Hawkins pointed out the money spent on graveling the raw water pipeline road at the treatment plant. He said the road base was purchased from Benson Brothers.

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept the July 2007 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Report:

Dan Hawkins pointed out the sale of ten new taps during the month of July. He said the Cedar Mesa Reservoir water obtained from Ken Harfst was all applied to new taps in one month, and most of the rest of the excess water accounts have been used up.

Bryan asked about installing new filters. Dan explained that we will have to wait until fall or winter to install them, when system usage is low. He said the State Health Department had only this month issued a permit for the expansion.

Anne Sievers tap application

Dan Hawkins said he had received application and payment for two water taps from Mrs. Sievers. She has also furnished the required water for the taps. The Sievers property is on Redlands Mesa, lying east of 2900 road and extending from Redlands Mesa Road on the north to about one mile south of North Road. The property includes about 700 acres.

The applications filed by Mrs. Sievers did not specify where the taps are to be located, or which main line they would be attached to. Hawkins said he asked her to attend the meeting to discuss the location of the taps, and to discuss the possibility of obtaining a pipeline easement across her property for the purpose of interconnecting the main lines on Redlands Mesa Road and North Road.

Mrs. Sievers told the Board she did not want to be tied down as to where she located the taps because she did not have a definite plan in mind. She indicated she is willing to provide a pipeline easement, but only if she is not required to specify the location of the taps. Her preferred route for the easement is to follow an existing irrigation pipeline right of way which runs more or

less straight south from Redlands Mesa Road and intersects North Road about ½ mile east of 2900 Road. Dan Hawkins said he would rather have the easement intersect North Road at a point further east, because the present need for increased capacity is on the east end of Redlands, due to Marshall Subdivision and several minor subdivisions in the same area.

After further discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to grant two taps to serve the Sievers property to be connected either on North Road or Redlands Mesa Road. Anne Sievers is to provide an easement, the route to be worked out with Dan Hawkins

MOTION CARRIED with no opposing votes.

Anne Sievers then requested that the Association pay the transfer fee and the assessments that she paid when she purchased Surface Creek Ditch and Reservoir water for the Association. The request was denied.

Subdivision Report:

Fergie's Forty (Guy Miller): Dan Hawkins reported that this is a major subdivision proposed for a forty-acre parcel lying in the southeast corner of the intersection of 2550 and Q25 Road. It is commonly known as the Lugard Place. There are presently two homes on the property, and both have water taps. Four more lots are to be created, two accessed from Q25 Road on the north and two from Cedar Mesa Road on the south. There is a 2½ inch main line on Q25, and a four-inch main line on Cedar Mesa Road.

Hawkins said the owner, Guy Miller, has obtained Surface Creek Ditch and Reservoir water which he will provide to USCDWUA for the taps. He intends to place a fire hydrant on Q25 Road for the two north lots. This will require that the existing 2½ inch line be upgraded for a distance of around 500 feet to serve the hydrant. Hawkins recommended that the line be upgraded to 6". Mr. Miller has agreed to upgrade the line, and has asked if the Association will participate in any way. Hawkins said the line is definitely in need of replacement soon, regardless of the needs of this subdivision.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to commit 4 taps for Fergie's Forty major subdivision with the usual conditions applied. The Association will assist in upgrading the Q25 Road line to 6-inch by providing the materials.

MOTION CARRIED with no opposing votes.

Construction/Maintenance:

Correction of water outages on upper Cedar Mesa: Dan Hawkins reported that taps along the Lone Pine pipeline at the far north end of Cedar Mesa repeatedly ran out of water for up to several hours in June and July. The cause was increased downstream demand, from Redlands Mesa, Dry Creek, and the east end of Cedar Mesa. The permanent correction for this problem is to construct a storage facility and enlarge the pipeline, as is being planned. Hawkins said the situation was bad enough to require some kind of immediate fix, and so a modification was made to a pressure regulation station on the Lone Pine line. A pressure sustaining valve was added, which ensures the upper part of the pipeline stays full while releasing water to the lower sections. This

has cured the outages on the upper end of the line.

John Hawkins asked if this arrangement would cause outages below the sustaining valve. Dan Hawkins said he worried about that, but so far it has not been occurring.

Completion of six-inch line, Redlands Mesa: The six-inch line going north along Rimrock Road from Redlands Mesa Road has been extended to the top of the grade into Dry Creek. This section was built by Mr. Pendleton, the owner of a new home under construction on the north edge of Redlands along Rimrock Road.

Damage to six-inch line, Cedar Mesa: Dan Hawkins gave the Board members photos of damage to a six-inch steel line which was installed in January 2006 across property then owned by John Triebwasser northeast of the Rodeo Ground. The pipe appears to have been hooked by either a ripper or excavator during construction of a new road across the pipeline. The road contractor was Dirt Merchant, located in Delta. The road was built in 2006, several months after the pipeline was put in. Hawkins said the line did not leak until this year, although the pipe was flattened and nearly pulled in two. It was discovered in responding to a call at night from a neighbor who said he heard water running down the hill. Hawkins said he will send the photograph and a statement of repair cost to Dirt Merchant.

Lightning damage, treatment plant: There was \$1,600 in damage to electronic instruments, probably caused by a close lightning strike. A pump was also replaced, not because of lightning, but because a seal began leaking. The seal will be replaced, and the old pump will be kept for a spare.

New Employee:

Dan reported that Tim Frey has been hired as a full-time employee. Mr. Frey has a journeyman plumbers license, and is knowledgeable about piping. He is scheduled to take a test this fall for his distribution operators license, and will test in the spring for his plant operators license.

Grand Mesa Water Task Force

Jerry Figueroa used a projector to brief the Board on the current plans of the Task Force to increase water storage in the Surface Creek Drainage. Essential elements of the plan include pumped water from the Gunnison River to augment Fruitgrowers Reservoir, enlargement of the Sooner Ditch to carry Surface Creek water to a proposed reservoir north of Cactus Park, and an aqueduct across Cedar Mesa to return water to Surface Creek at Cedaredge. Also being considered is a reservoir on Surface Creek. Jerry emphasized that any new stored water created by this project will be available for domestic use, relieving the shortage of domestic water now existing.

Meeting adjourned at 10:00 p.m.

Respectfully Submitted _____


Secretary-Treasurer

Upper Surface Creek Domestic
Water Users Association
September 10, 2007
Board Meeting

Jerry Figueroa called the meeting to order at 7:32 p.m. Those present were Jerry Figueroa, Lynn Oliver, Herman Kline, Ellis Fritchman, Bryan Klaseen and John Hawkins. Also present were Dan Hawkins, Helen Hawkins, Lawrence MacKendrick and David Whittlesey.

Minutes:

Herman asked about Annie Sievers and the easement she agreed to at the August meeting. Dan Hawkins said that the easement will be laid out to parallel an irrigation pipeline. Jerry Figueroa suggested that the easement should be surveyed and formally platted.

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the August 13, 2007 Minutes as written and delivered to the board
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the expense for Treatment Plant equipment. Some of the total was for engineering. Hawkins said he has requested that Pall ship the new filter modules to be used to increase plant capacity.

John Hawkins asked about the entry for bad checks. Helen Hawkins said that Buckaroo Manufacturing (Jeff Millstein) had a bounced check. Dan Hawkins said this has happened before with that account.

Dan Hawkins pointed out the purchase of an Arctic Cat ATV with a snowplow. Hawkins said the increasing USCDWUA involvement in Leon Lake prompted the purchase. It is hoped the snowplow can be used to clear the treatment plant driveway and yard.

MOVED BY Bryan Klaseen
SECONDED BY John Hawkins to accept the September 2007 Cash Flow Report.
MOTION CARRIED with no opposing votes

EOM/System Report:

Dan presented the end-of-month system report. The Association has met the budget for sales of new taps in fiscal year 2007. Thirty were budgeted; thirty-one have been sold.

Hawkins reported that the Association has accumulated 24 acre feet of water since the water acquisition policy went into effect.

David Whittlesey:

David Whittlesey addressed the Board. He explained that he owns property on North Road, between 2800 Road and Rimrock Road. He asked if there is a plan to extend the pipeline on North Road west to Rimrock Road. Dan Hawkins said there is a potential to extend the line, due to subdivisions proposed by Steve Harper and Linda Baker. The Association agreed to provide taps

and fire protection for the subdivisions provided the developers cooperate in extending the North Road pipeline from both east and west to the intersection with Rimrock Road.

Mr. Whittlesey said he might have an interest in subdividing a part of his property at the intersection of North and Rimrock Roads. He said he believes Linda Baker is no longer planning to subdivide. Dan Hawkins said he has heard that also. Mr. Whittlesey said he may be interested in cooperating with Steve Harper in upgrading the North Road pipeline. He asked what part the Association would take in extending the line. Hawkins said USCDWUA has committed to paying one-half the cost.

Mr. Whittlesey then asked if the Association would permit a water well for livestock use. Jerry Figueroa said the policy is not to permit domestic water wells in the Association service area, and that he is not aware of a livestock well permit. Mr. Whittlesey said he believed there is a category of well that is permitted for livestock only, and that he would research it and get back in touch with USCDWUA on the matter.

Bonnie Kline:

When Herman Kline passed out homemade cookies to the board, as he has done at every past board meeting, the Board discussed ways of showing appreciation to Bonnie and Herman Kline for their kindness and consideration.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to purchase a \$50.00 gift certificate for Chile's in Montrose.

MOTION CARRIED with no opposing votes.

Construction and Maintenance:

Six-inch line, Cactus Park Road

Dan Hawkins reported that approximately 800 feet of six-inch pipeline was built from the intersection of 2550 Road east to the Cedar Mesa Ditch, replacing the old 2½ inch galvanized line on the south side of the road. As a part of that project, 120 feet of 2-inch pipe were built on the north side of Cactus Park road from 2550 Road to serve the Irene Bennet tap, in order to avoid cutting the pavement on Cactus Park road.

Two-inch line, Redlands Mesa

Dan Hawkins reported that 500 feet of two-inch pipeline were built on 2830 Road, to extend the pipeline in the Johnson Subdivision, an estate partition. The project came about because even though the lot was purchased with a domestic well already there. The Delta County Health Department refused to approve the septic permit unless a water tap was purchased. The new owners, Mr. and Mrs. Belew, agreed to purchase a tap and build the pipeline extension.

Bryan Klaseen said he observed that there is an open trench to a water well on property that is also served by USCDWUA. He suggested that this be checked out.

Lone Pine Storage Tank progress

Dan Hawkins reported that the BLM process for using the easement on upper Cedar Mesa has become more complicated than expected. An environmental assessment has been ordered, even though there is a pre-existing easement. Hawkins said he solicited the services of Walsh Environmental earlier this year. An inspection trip was scheduled, but then cancelled by the BLM because there is the possible existence of a certain cactus that can only be identified in the early

spring. Hawkins said it now appears certain that no construction will be possible on the BLM this year.

Jerry Figueroa pointed out there may be some help from Rural Development. He suggested the manager look into the possibility of grants/loans from that entity. Dan Hawkins agreed to do so, and asked the Board to approve a resolution necessary for the BLM.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to approve Resolution 07-02 authorizing the Association to enter into an easement agreement with the BLM.

MOTION CARRIED with no opposing votes

Leon Lake siphon project:

Dan Hawkins explained that the decree obtained by Leon Lake establishing a pool of domestic water has the requirement that water be released from Leon Lake to Leon Creek if calls in that drainage cannot be met. Historically, such calls have been met by Colby Horse Park Reservoir, which is a part of the Leon system designed for that purpose.

Hawkins said Leon Lake was not designed to release water to Leon Creek. There is no outlet structure at the dam. Water released from Leon Lake through the Leon Tunnel flows to Surface Creek.

The water court instructed Leon Lake Ditch and Reservoir Company to construct a portable siphon that can be assembled and put in operation within 48 hours of notification from State Water Resources Division 5, which is the north side of Grand Mesa. The siphon is to be completed and demonstrated by the end of the irrigation season this year. Leon Lake anticipated a cost of \$5,000 in its 2007 budget for the siphon.

Hawkins said the Leon Board of Directors asked him to design and build the siphon. As the project progressed, it became obvious that the cost would exceed \$5000. Almost that much has already been spent by USCDWUA on materials to build the siphon and a cart to be pulled by an ATV for transporting to and from the lake.

Jerry Figueroa said the siphon requirement came about because of Ute Water's objection to the application for a domestic decree. Ute demanded a bottom outlet be put in the Leon dam, a project that could cost over a million dollars. A compromise was worked out allowing the siphon, if it can be demonstrated that it works. Figueroa said it will not be possible to demonstrate the siphon this year, because the lake is being emptied to install automatic level recording devices also required by the decree. He said the Leon board is asking for financial help from the domestic water providers USCDWUA, Cedaredge, and Orchard City, as they are the principal beneficiaries of the domestic decree.

After discussion, it was

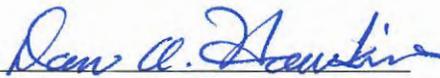
MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to contribute one-third the amount of the cost of the siphon that cannot be met by Leon Lake, assuming the Town of Cedaredge and Orchard City each contribute one-third likewise.

MOTION CARRIED with no opposing votes

Meeting adjourned at 9:45 p.m.

Respectfully submitted


Dan A. Hawkins, Secretary

Upper Surface Creek Domestic
Water Users Association
October 15, 2007
Board Meeting

Jerry Figueroa called the meeting to order at 7:32 p.m. Those present were Jerry Figueroa, Ellis Fritchman, Bryan Klaseen, Dennis Grunkemeyer and John Hawkins. Also present were Dan Hawkins, Helen Hawkins, Lawrence MacKendrick.

Minutes:

MOVED BY Ellis Fritchman

SECONDED BY Bryan Klaseen to accept the September 2007 Minutes as written and sent to the board.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out that the total of past due accounts was excessively high, at over sixteen thousand dollars. Hawkins said a number of shutoff notices have been issued, and that he expects a significant amount will be collected.

John Hawkins asked about the computers purchased. Dan Hawkins explained that one was for the treatment plant, the other was for the telemetry computer in the shop. They were purchased from Dell Corporation. The treatment plant computer is to be configured by Pall to serve as an immediate replacement should the existing unit fail.

MOVED BY John Hawkins

SECONDED BY Bryan Klaseen to accept the September 2007 Cash Flow Report.

MOTION CARRIED with no opposing votes

EOM/System Report:

Dan Hawkins reported that no new taps were sold in September. He said that since the beginning of the water acquisition policy, about 33 acre-ft. of water have been contributed to the Association.

Subdivisions:

Stephen Harper, Sunrise View Minor, Redlands Mesa: Dan Hawkins said he had met with Stephen Harper and his consultant Kelly Yeager about the proposed minor subdivision near the intersection of North Road and Rimrock Road on Redlands Mesa. Hawkins reviewed for the Board the Association's previous response to subdivision. It had been agreed to serve Harper and the adjoining Linda Baker subdivision if the main line on North Road was upgraded by extending pipelines on the east and west to interconnect at Rimrock Road.

The Linda Baker subdivision has been withdrawn. Stephen Harper has made two requests of the Association. The first is to be allowed to provide a water lease contract with Grand Mesa Conservancy District instead of one acre-ft. of water. Board discussion was brief,

with no support for the idea. Jerry Figueroa abstained because he had discussed selling water to Stephen Harper. Jerry said he has decided not to sell water to any USCDWUA applicants.

MOVED BY Dennis Grunkemeyer

SECONDED BY Ellis Fritchman to refuse a water lease as a substitute for contributing an acre foot per tap.

MOTION CARRIED with no opposing votes. Jerry Figueroa abstained.

Dan Hawkins said Stephen Harper then requested to be allowed to buy one water tap for the west lot (Lot 2) and connect it to the two-inch line at the west side of the property. Kelly Yeager said he believed Delta County would agree to a phased development, with the east lot (Lot 3) to be completed after the County realigns North Road through the subdivision.

Dennis Grunkemeyer said it needs to be clear that USCDWUA is not committing to serve the east lot, and that the east lot cannot be served in the future without extending the line on North Road from the east to Rimrock and from the west to Rimrock.

Jerry Figueroa said an easement needs to be provided to allow extending the west line through the subdivision to interconnect at Rimrock Road.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to approve of the sale of one tap for Lot 2 of the Sunrise View Minor Subdivision, with the condition that an easement is provided through the subdivision along North Road to allow for the future interconnection of lines. Notice must be made in writing to Stephen Harper and Delta County that USCDWUA does not commit to serving Lot 3, and that future service to Lot 3 will require pipeline upgrades.

MOTION CARRIED with no opposing votes.

Nina Proios Minor, Cactus Park: Ms. Proios has a pending subdivision in Cactus Park. Dan Hawkins said he wrote her a letter in February 2007 allowing six months to purchase two water taps, with the wording that all future conditions would be applied at the time of tap purchase. Since then, Ms. Proios has been informed of the need to provide water, and has secured water shares to use for the taps. She has requested an extension of time to buy the taps.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to grant a six month time for Nina Proios to purchase two water taps, with the provisions that all present and future conditions of tap purchase will apply.

MOTION CARRIED with no opposing votes

Steve Ward, Ward Meadows Major, Dry Creek: Mr. Ward has a pending subdivision along the north side of Cedar Mesa Road just west of the intersection with Rimrock Road. The Association committed four taps in writing in January 2007. Mr. Ward has written requesting an extension of time to purchase the taps. Dan Hawkins said the January letter to Mr. Ward required him to furnish four acre-feet of water and upgrade a section of pipeline eastward from the Cactus Park Draw to his subdivision.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to allow six months for Ward to purchase taps, with the same conditions applied as in the first commitment, plus any future conditions in effect at the time of purchase.

MOTION CARRIED with no opposing votes

Construction/maintenance

Leon siphon and bubbler systems

Dan Hawkins reported that, in addition to the Leon siphon, USCDWUA undertook the job of providing materials and installing the "bubbler" lake level measuring devices at Leon Lake and Colby Horse Park Reservoir. These are electronic level recording devices, as mandated in the Leon domestic use decree. Jerry Figueroa provided photographs of the installations. He reported that Grand Mesa Conservancy District will reimburse USCDWUA for the bubbler system, while Cedaredge and Orchard City will join USCDWUA in contributing to the cost of the siphon.

Other

Dan Hawkins reported that the Milk Creek tank and both Redlands Mesa tanks are being inspected by divers, beginning on the day of the meeting. A written report and video of the inside of the tanks will be provided upon completion. Hawkins said he expected that small repairs would be made during the cleaning and inspection, but the water temperature might be too cold to allow the underwater epoxy to set up.

Dennis Grunkemeyer asked why the company does not fluoridate. Dan Hawkins said all members who have contacted him with questions about fluoridation are opposed to it. He said he and Dayton Myers both have personal misgivings about it because it involves a dangerous acid, and places yet another layer of responsibility on the operator, to monitor a process which is not necessary for safe water. Dennis said he does not favor it either, but wondered if the Association had taken a position on it.

Meeting adjourned at 9:10 p.m.

Respectfully Submitted: 
Dan Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
November 12, 2007

Jerry Figueroa called the meeting to order at 6:32 p.m. Board members present were Jerry Figueroa, Ellis Fritchman, Bryan Klaseen, John Hawkins, Dennis Grunkemeyer, Lynn Oliver and Herman Kline. Also present were Mark and Elisabeth Kautsky, Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

Jerry Figueroa called for changes or additions to the minutes which were written and delivered to the Board prior to the meeting.

MOVED BY Herman Kline,
SECONDED BY Ellis Fritchman to approve the minutes as written.
MOTION CARRIED with no opposing votes.

Financial Report:

The Board reviewed the Cash Flow Financial Report for October, 2007. Dan Hawkins noted that past due accounts decreased by about six thousand dollars from the previous month. He said several taps needed to be shut off.

MOVED BY John Hawkins
SECONDED BY Lynn Oliver to accept the financial report as presented.
MOTION CARRIED with no opposing votes.

EOM/System Report:

Dan Hawkins reported that three new taps were sold during October. He noted that water use for the month was just over seven million gallons, which was higher than expected. He said excess water is being delivered to Redlands, overflowing the upper tank. The controls for Redlands were modified this summer, and Hawkins said the adjustment is not quite right yet.

Mark Kautzky, Proposal to trade water stock.

Mr. Kautsky explained to the Board that he is not a member of the Association, but is interested in finding a way to provide water for new tap applications. He asked if the Board would trade USCDWUA's Park Reservoir stock for Surface Creek Ditch and Reservoir. His reason was that Park yields a smaller amount of water per share, and is therefore easier to transfer.

Jerry Figueroa explained that Park Reservoir is valuable to the Association because it is in good condition, has senior decrees, and drains directly into Surface Creek. Discussion by the Board showed no support for the idea of giving up any Park Reservoir shares.

Mr. Kautsky then asked if he could enter into an arrangement by which USCDWUA would have custody of his Surface Creek Ditch and Reservoir stock and make it available to tap applicants one acre-foot at a time. Payments would be made to Kautsky as taps were issued. Dan Hawkins said that a similar agreement was made earlier in the year with Kenneth Harfst, using Cedar Mesa Ditch and Reservoir stock. A contract was written by Aaron Clay between

Harfst and USCDWUA, describing a lease with option to purchase. Hawkins said the arrangement worked well, and was completed successfully.

After discussion, an example of the lease-purchase agreement as used with the Harfst water was given to Mr. and Mrs. Kautsky, with the suggestion that they come back to the Board ready to sign the agreement, or negotiate changes. The Kautskys agreed, and left the meeting.

Subdivisions:

David Koos, request for extension of time to buy taps.

The Board reviewed a written request from David Koos requesting an extension of time to purchase taps for Pine Ridge North Major Subdivision, located in the NE¼ of Section 32, Township 13S, Range 94W. Thirteen lots are planned, requiring 13 taps.

Dan Hawkins said that no specific committment has yet been made. When the subdivision was proposed in February 2007, a letter was written to Mr. Koos and Delta County Planning, stating that the Association could in general provide domestic service to the subdivision, pending the execution of a development agreement that was to define the responsibilities of the developer and USCDWUA. No such agreement has been reached, because the subdivision is being delayed by road access issues. Hawkins said he believes Mr. Koos mainly wants an updated letter confirming that the original is still in effect.

MOVED BY Dennis Grunkemeyer

SECONDED BY John Hawkins to extend the agreement with David Koss in its present form.

MOTION CARRIED with no opposing votes

SaJaKa Minor, north of Ute Trail Road.

Dan Hawkins said a notification of the proposed subdivision was received from Delta County Planning, but he has not been approached directly by the developers. The plat for the subdivision shows an access and utility easement from Ute Trail Road, crossing neighboring property for ¼ mile to reach the subdivision. The main water line is on the south side of Ute Trail Road.

Hawkins said he believes it is necessary to move a pressure reducing vault now located west (downhill) of the proposed point of connection for the subdivision to a site east (uphill) and to the north side of Ute Trail Road. Hawkins said the reason is that the underground vault is almost always flooded by irrigating water that runs wild through the pasture where the vault is located. The new site on the north side of the road is dry and more easily accessible.

Moving the pressure reducer will put the connection for the subdivision on the low pressure side. That is a problem for the subdivision, because it lies at an elevation that cannot be adequately served by the pressure available downstream of the pressure reducer.

It was agreed by the Board that no service committment could be made regarding the SaJaKa Minor until the developer approaches USCDWUA directly to discuss where to connect to the system for adequate pressure.

MOVED BY Jerry Figueroa

SECONDED BY Lynn Oliver to move the regulating vault when scheduling permits.

MOTION CARRIED with no opposing votes

Linda Robinson:

Dan Hawkins explained that Mrs. Robinson owns property on Surface Creek Road at the Surface Creek bridge near Ute Trail Road. The property goes east from Surface creek about ¼ mile. A private road crosses her property, used by several neighbors for access to their properties. Apparently the road easement was never defined, and now a dispute among neighbors has brought a legal action to formalize the easement.

Mrs. Robinson is concerned that the road will become public and will split off a piece of her property. She would like to be able to sell the divided part, but it will need to have domestic water. Hawkins said the best route for a water line would be along the route of the road in dispute. It could connect with a main six-inch line on the east side of Surface Creek Road. However, the disputed road crosses other owners besides Robinson. They would have to agree to a pipeline easement.

Hawkins said the property could alternatively be served by connecting at the Surface Creek Bridge, then going up the side of the valley, but it would be a more expensive and less accessible route.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to have Dan Hawkins write a letter to Linda Robinson stating that her property could be served, on the condition that an acceptable pipeline route is obtained. No commitment or promise of service is to be made.

MOTION CARRIED with no opposing votes

Construction/maintenance:

Tank inspections

Dan Hawkins reported that a diving contractor completed the cleaning and inspection of the Milk Creek tank and the two Redlands Mesa tanks. The company provided a video of the condition of the tanks. A lot of sludge was found in the lower Redlands tank, which appeared to be alum. The other tanks were relatively clean. Some rust damage was found. Repairs were supposed to be made on the spot, but the water temperature was too cold for the underwater epoxy that is used. A repair trip will be scheduled for next summer during warmest water.

Six-inch line break, Surface Creek Road

Dan Hawkins showed photos of a six-inch main line break and repair on Surface Creek Road, near the bridge. A pipeline corner blew out, releasing a massive flow of water. Fortunately, it was reported quickly, and the section of line was isolated. The repair took all day, and about 25 homes were without water. Hawkins said the repairs were made using restrained joints to prevent this happening again.

Timothy Road taps changed over

Dan Hawkins said over the course of several weeks, all remaining taps on Timothy Road served by a 1960 one-inch galvanized pipe were changed over to a four-inch PVC pipe. The galvanized pipe, about one-half mile long, has been disconnected from the system and abandoned. Five road crossings were necessary.

Budget preview

Dan Hawkins presented an estimate of the fiscal year cash flow, compared to the budget. The year is ending with a surplus of cash, due to exceeding the predicted tap sales, and not as much accomplished on the distribution system as expected.

Hawkins said that the Association, a federal tax-exempt entity, is required to spend 85 percent of its revenues each year. That rule can be circumvented by placing money in a fund earmarked for a specific project. Hawkins estimated that between \$25 thousand and \$50 thousand would need to be spent or earmarked to remain IRS compliant.

The Board discussed the appropriate use of the surplus money. It was noted that paying down the principal on the Paonia State Bank loan would result in lower interest payments. But the Board expressed considerable urgency in getting the Cedar Mesa tank built.

Dan Hawkins said he has stalled applications on five new taps until after November 30 in order to avoid an even greater surplus. After further discussion, it was

MOVED BY Dennis Grunkemeyer

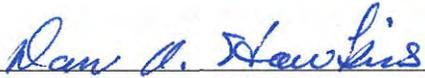
SECONDED BY Bryan Klaseen to make a payment on the principal of the Paonia State Bank loan as necessary to remain tax exempt by IRS rules.

MOTION CARRIED with no opposing votes.

The manager was also instructed to transfer a majority of the checking account balance into savings.

Dennis Grunkemeyer said he expected a lot of discussion at the annual stockholders meeting about the Association's water acquisition policy. There was general agreement among the Board that plenty of time should be allowed at the annual meeting for this subject.

Meeting adjourned: 9:15 p.m.

Respectfully submitted 
Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
December 3, 2007 Board Meeting

Jerry Figueroa called the meeting to order at 6:35 p.m. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Bryan Klaseen, Ellis Fritchman, Jerry Figueroa, Dennis Grunkemeyer. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the November 12, 2007 Minutes.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out \$40,000 paid on loan principal to Paonia State Bank, a payment of \$54,693 for pipe, and payment of \$62,820 for treatment plant filters

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to accept the November 2007 cash flow report.
MOTION CARRIED with no opposing votes

End of Month Report:

The Board reviewed the End of Month Report, which showed two new taps purchased by Thomas Kertesz for his Cedar Mesa Vineyard Minor Subdivision.

Mark Kautzky lease-purchase agreement:

Dan Hawkins reported that Mark and Elizabeth Kautsky have accepted and signed an agreement with USCDWUA for the lease-purchase of one share of Surface Creek Ditch and Reservoir Company. The contract is identical to the one previously done between USCDWUA and Kenneth Harfst. Mr. and Mrs. Kautsky also requested an affidavit from the Board that their one share is considered to represent eleven acre-ft. of water.

Hawkins read the agreement to the Board and each of the terms was discussed. The price set for the water is \$6,000 per acre-ft.

MOVED BY Dennis Grunkemeyer
SECONDED BY Ellis Fritchman to accept the agreement including the affidavit.
MOTION CARRIED with no opposing votes

Subdivisions:

Hand Minor, requirement to bring water for tap:

Dan Hawkins reported that William and Denise Hand have inquired whether they will need to furnish water for a subdivision done in 2004. The subdivision was considered by the

Board in November of 2003. At that time, one tap was requested. A written commitment was made for one tap, which was purchased and installed in 2004. It is not known why taps were not required for both lots of the subdivision.

Mr. and Mrs. Hand now wish to buy a second tap. They say money was placed in escrow with Delta County for the tap. They have asked if they will need to bring water for the second tap.

After discussion, the consensus of the Board was that the Association did not promise a second tap, and that, even if money was paid to the County, it does not constitute an application made to USCDWUA. If a second tap is purchased, water must be provided.

Tom Kertesz/Ed Cole fire hydrant:

Jerry Figueroa said the he believed Ed Cole paid for a part of a fire hydrant as a condition of his minor subdivision. He asked if Kertesz had also contributed. Dan Hawkins said Kertesz paid the full price of a fire hydrant and asked that it be installed at the entrance to his subdivision, rather than at 2600 and Cedar Mesa Road.

It was decided to have Dan Hawkins talk to Delta County Planning to see what the situation is. However, it was the consensus of the Board that, if Kertesz pays for a hydrant by himself, it may be installed where he wants it, subject to Fire District approval.

Budget Review:

Dan Hawkins presented a draft 2007 financial report and 2008 budget. It was discussed and the consensus of the board was to present it to the Shareholders for adoption.

Annual Meeting agenda:

The agenda for the Shareholder's meeting was discussed. Board Members whose terms expire are Bryan Klaseen, Dennis Grunkemeyer, Lynn Oliver and Ellis Fritchman. They all expressed willingness to serve another term.

Meeting adjourned at 9:30p.m.

Respectfully submitted 
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Minutes of Organizational Board Meeting
December 11, 2007

Gerald Figueroa called the meeting to order at 9:10 p.m. following the Stockholders Meeting. He asked for nominations for president, vice-president, and secretary-treasurer of the Association for 2008.

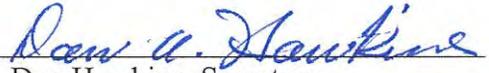
MOVED BY Ellis Fritchman

SECONDED BY Dennis Grunkemeyer to retain the current president, Gerald Figueroa, the current vice-president, Herman Kline, and to appoint the current secretary-treasurer Dan Hawkins.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:15 p.m.

Respectfully Submitted


Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
January 14, 2008 Board Meeting

Vice President Herman Kline called the meeting to order at 6:30 p.m. in the boardroom at Association headquarters. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Bryan Klaseen, Ellis Fritchman, Dennis Grunkemeyer. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the minutes of the December 11, 2007 Organizational Meeting and the minutes of the December 3, 2007 Board Meeting.
MOTION CARRIED with no opposing votes.

The minutes of the December 11, 2007 Stockholders Meeting were given to the Board members for review.

Financial Report:

Ellis Fritchman asked about a new tap sold to the Harper Family Trust. Dan Hawkins said it was for Lot 1 of the Sunrise View Minor on North Road and Rimrock.

Herman Kline asked about a refund paid to Melissa Jagodinski. Dan Hawkins explained that Mrs. Jagodinski paid all the past due account required for a transfer of a repossessed property. Later, the foreclosing agency, U.S. HUD, also paid. Mrs. Jagodinski requested that her payment be refunded, minus one year's water bills paid in advance.

Herman Kline asked about the vehicle expense. Dan Hawkins said it was mainly for a new set of tires and front hub repairs to the Chevy S-10.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the December 2007 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Report:

Dan Hawkins reported that there were three new taps and three transfers. Water use for the month was higher than last December. Hawkins said he guessed it is due to stock watering on Redlands Mesa and also some users letting water run to prevent freezing.

Ray Frey water Lease-Purchase agreement:

Ray Frey has requested that the Association enter into a lease-purchase agreement for one share of Surface Creek Ditch and Reservoir Company stock. Dan Hawkins said he presented Mr. Frey with the standard agreement made with other water owners. The agreement was accepted. The price set by Mr. Frey is \$6,000 per acre-foot, the same as Mark Kautsky, who currently has an agreement with USCDWUA. There was discussion about how to handle two agreements running concurrently. It was generally agreed to honor the earlier agreement first.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to enter into a water lease-purchase agreement
with Ray Frey.
MOTION CARRIED with no opposing votes

Subdivisions:

SaJaKa Minor, north of Ute Trail Road

Dan Hawkins reminded the Board that this subdivision was discussed at the November 2007 board meeting. At that time, no contact had been made by the developer. Since then, Hawkins said he has been contacted by Kelly Yeager, representing the developer. Hawkins wrote a letter to Yeager and Delta County informing them of the Association's plan to relocate a pressure regulating vault from the south side of Ute Trail to the north side, and further east. The letter required the developer to find a suitable route to get water from the high pressure side of the new vault to the subdivision.

Hawkins said he had also heard from an adjoining land owner that the subdivision is opposed by neighbors for several reasons, slowing its progress through County planning.

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to sell three taps for the subdivision subject to County resolution of the controversy. Necessary easements are to be obtained to connect to the high pressure side of the relocated pressure reducer.
MOTION CARRIED with no opposing votes

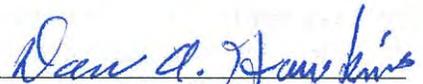
Construction forecast for 2008

Dan Hawkins gave the Board a list of potential construction projects for 2008, the most significant being the Cedar Mesa Tank. Hawkins said he would like to pursue a plan to build the tank underground, and spread the project over a period of years. An initial phase this year could provide one hundred thousand gallons and cost about \$180,000. Over the next ten to twenty years, the capacity could be increased in phases up to a million gallons or more. There was considerable discussion of this project. Some advantages of underground tanks were noted, such as colder water and reduced maintenance compared to above ground steel tanks.

Pipelines needing replacement were listed on Peach Road, Cedar Mesa Road, Hanson Road, and T75 Road. Two pressure regulating vaults need to be rebuilt, one on Ute Trail Road (relocate) and one at the intersection of Peach and Cedar Mesa Roads.

Meeting adjourned: 8:00

Respectfully submitted


Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
March 10, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 6:35 pm. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Jerry Figueroa, Bryan Klaseen, Dennis Grunkemeyer, and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins, and Lawrence MacKendrick.

Minutes:

The January 14, 2008 Minutes were discussed. There was no meeting in February.

MOVED BY Dennis Grunkemeyer

SECONDED BY Herman Kline to accept the January 14, 2008 Minutes as mailed to the Board Members.

MOTION CARRIED no opposing votes.

Financial Report:

The board reviewed the January 2008 Cash Flow Report and the February 2008 Cash Flow Report.

There was a discussion of upgrade costs paid by developers. It was brought up that there needs to be a contingency mechanism in place for USCDWUA in case costs go up. An example was made of the fact that a \$5,000 contribution by Mike Mason will not cover as much of the cost of upgrading the Cedar Mesa Road line as anticipated, due to escalating construction cost. Dennis Grunkemeyer said another example is the County escrow program that is supposed to cover the future cost of a fire hydrant. He said the company should not bear the cost for hydrants that have too little in escrow.

It was suggested that each case be carefully considered before committing to any fixed amount of money for upgrades that are not happening immediately.

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept both the January 2008 Cash Flow Report and the February 2008 Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM/System Usage Report:

Dan Hawkins said the system usage was down somewhat compared to the same month last year, but is still pretty high for winter. He reported that three taps were sold on Redlands Mesa. There is a water fund available now of 20 acre-feet in the lease/purchase contracts with Kautsky and Frey.

Subdivision:

Mike Mason Major

Dan Hawkins reported that Mike and Judy Mason are proceeding with plans to convert their minor subdivision – Cedar Mesa Estates – into a major. Hawkins said the topic had been discussed, with the Masons present, at the November, 2006 meeting. At that time, the Board

formally agreed to serve the subdivision, pending the execution of a development agreement. Hawkins said he presented such an agreement to the Masons.

Jerry Figueroa said Board needs to keep track of Mason's development, making sure that we are in agreement with the utility plan, easements, and any other item affecting USCDWUA. Dan Hawkins said he will check to see if a plan for the major subdivision is available. He said the Masons have paid the \$5,000 contribution requested by the Board to upgrade the Cedar Mesa Road line from 2600 Road to the Mason subdivision. Hawkins asked if the line should be extended further.

Dennis Grunkemeyer said it might pay to wait and see if another developer further along the road comes in to share the costs. Hawkins said the remainder of the 2.5" galvanized line is not causing trouble, except for rust. He suggested to go about 150 feet beyond the Mason subdivision to replace a known shallow section.

Maintenance:

Treatment plant upgrade: Dan Hawkins said the new filter modules were installed under the supervision of Chris Powell, the Pall Corporation technician. The installation took less than one day. Part of a second day was used installing a new desktop computer at the plant, with the old computer kept on site as a quick backup in case the newer one fails. The filters were put into use immediately and had no problems.

Redlands Mesa Leak – January: A leak inside a valve house on 2800 Road caused outage at about a dozen houses for several hours. The leak was caused by slippage of a dresser coupling.

Cactus Park Leak – February: This leak was in a 2" PVC line and was caused by movement of the hillside where the pipe is buried. The movement caused a coupling to pull apart. Hawkins said this has happened one other time at this spot.

Redlands Mesa Leak - on going? Hawkins said there are indications of a leak on Redlands Mesa which has not been found yet.

DMEA

Dan Hawkins reported that Delta Montrose Electric Association is upgrading a power line from the John Hawkins home on Redlands Mesa Road eastward three miles to 2900 Road. The line is along North Road most of the way, and the new pole locations are staked on top of the USCDWUA water lines. DMEA has said they will re-stake the locations, but we will need to physically locate the water line, by digging down to it, so the new stakes will be sure to be off the pipeline. The line is PVC without a tracer wire, so cannot be located electronically.

Colorado Department of Health and Environment

HAA5 violation: Dan Hawkins presented to the Board a letter from CDPHE which finds the system in violation of the maximum contaminant level of haloacetic acids (HAA5). Hawkins said these compounds form in the distribution system by chlorine combining with naturally occurring acids coming from soil and organic material.

Hawkins said he is convinced the finding of violation is due to faulty mathematics by the State technician. He has written a letter (provided to the Board) appealing the violation and explaining the reasoning. There has not yet been any response from the State.

Bryan Klaseen asked if the HAA5 level is high, and if it can be reduced. Hawkins said it is high, even if not in violation. The most likely ways to reduce it would be by decreasing the chlorine dose, and increasing the dose of chlorine dioxide. He said Colorado Rural Water would be consulted to see if they could offer any advice.

Lead Action Level exceeded: Dan Hawkins explained that the "action level" for lead concentration was exceeded in two houses sampled in 2007. This is not a violation, but indicates that the system must take certain actions. We must inform all our customers, using language specified in the

Lead Action Level exceeded: Dan Hawkins explained that the “action level” for lead concentration was exceeded in two houses sampled in 2007. This is not a violation, but indicates that the system must take certain actions. We must inform all our customers, using language specified in the regulations. We must start a program of sampling for water characteristics that might indicate a potential to be corrosive to lead found in house plumbing.

The public information has already begun, with the March newsletter. The CDPHE may require more dissemination, as remains to be seen. It is likely that some additional treatment will need to be done to reduce the tendency of the water to dissolve lead.

Other:

Herman Kline said he has learned that the Town of Cedaredge is annexing 10 acres on its west side. The area is currently under Orchard City service, and an Orchard City main line runs through it. Herman wondered what recourse the Association would have if a similar annexation occurs in our area. He asked if there is any movement on the stalemate over the attempt to sell the share of the the common system.

Dan Hawkins said the Town has refused to consider the changes requested by USCDWUA, and their proposal is still on the table as originally presented early in 2007. It was generally agreed to pursue this matter after the Town election in April.

Hawkins said a survey is required of the Cedar Mesa tank site on BLM. There is still too much snow to get that done.

It was agreed to change the summer season meeting time to 7:30 because of daylight savings time.

Meeting adjourned 8:10 pm.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
April 14, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Jerry Figueroa, Dennis Grunkemeyer, Bryan Klaseen and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins, Kelly Yeager and Lawrence MacKendrick.

Minutes:

MOVED BY Herman Kline
SECONDED BY Bryan Klaseen to accept the March 10, 2008 Minutes as delivered to the Board Members.
MOTION CARRIED with no opposing votes

Financial Report:

The Board reviewed the Cash Flow Report. Dan Hawkins explained that vehicle repairs were to the Chevrolet S-10 pickup which needed a new set of valve lifters, and has since developed other problems that he wanted to discuss later in the meeting.

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the March 2008 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins said that the first meter readings of the year have showed that eight million gallons were used over the winter by 34 taps. There were several ongoing leaks, some water was left on to prevent freezing pipes, some water was used for stock.

Subdivisions:

Sunrise View (Harper) Minor - North Road, Redlands

Kelly Yeager, representing the developer Stephen Harper, asked for a letter to Delta County itemizing what pipeline changes will need to be made, and the cost to install a new tap for Lot 2. Dan Hawkins said the proposed new alignment of North Road through the subdivision will require the existing meter for Lot 1 to be moved north about 40 feet, and that the new meter for Lot 2 could be connected at the end of this extended pipeline.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to write a letter to Delta County with an explanation of the pipeline extension, with costs including two meter installation fees, one for moving the existing meter, and another for installing the new tap.
MOTION CARRIED with no opposing votes

Sa-Ja-Ka (Nottingham) Minor - Ute Trail Road

Kelly Yeager said he also represents this subdivision, and asked for a letter outlining the Association's conditions for supplying domestic water. Herman Kline said he was aware of controversy about the development regarding runoff water and other issues. Kelly Yeager said he

believed all complaints have been reconciled.

Dan Hawkins said that the main issue is that water will need to be pushed to an elevation considerably higher than Ute Trail Road. The plan to relocate the pressure regulator from the South side of Ute Trail Road to the north side is making this more difficult. The supply line for Sa-Ja-Ka will have to be connected to the upstream (high pressure) side of the regulator.

Kelly Yeager said that it has not been possible to get private easement for a pipeline from the pressure regulator to the access and utility easement for the subdivision. The only available route is within the County right of way for Ute Trail Road

Dan Hawkins said a route in the road right of way is feasible, and would run for a distance of about 250 feet.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to write a letter to the county and to approve the sale of three taps for the Sa-Ja-Ka Minor Subdivision. Also that the developer pay for all cost of pipeline from the pressure regulator to the subdivision.

MOTION CARRIED with no opposing votes

Deer Meadows (Howell) Major - Surface Creek Road

Kelly Yeager also represents this subdivision. Dan Hawkins showed the Board a plan of the development. The property lies within the Town of Cedaredge service area, on the north side of East Main Street across from the Rodeo Grounds. Kelly Yeager said he has a letter from Cedaredge declining to serve the subdivision, and will provide the Association a copy of it.

There are 9 lots proposed. The source of water is a six-inch steel pipeline on the east side of Surface Creek Road. The main line operates at a pressure of about 225 psi, which requires that the pressure be reduced before entering the subdivision. Dan Hawkins said he would prefer to reduce pressure before crossing the road into the subdivision.

Kelly Yeager said the property on the east side of Surface Creek Road is owned by Grant Walker, and that he is probably interested in cooperating in a pressure reducing station because it might benefit him in the future.

Jerry Figueroa said that since the subdivision was originally discussed, a policy has been adopted requiring one acre foot of water to be provided with each new tap application. Kelly Yeager said he is aware of this, and the developer intends to furnish the water.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to write a letter to the developer and Delta County that the Association can serve Deer Meadows with the standard conditions, and pending adoption of a development agreement.

MOTION CARRIED with no opposing votes

Cedar Mesa Estates Major (Mason) - Cedar Mesa Road

Dan Hawkins showed the Board a surveyor's plat of the proposed subdivision showing a total of 4 lots, including the two already under development that were in the original minor subdivision. Mike Mason has asked for a letter of commitment to provide domestic water, and a development agreement.

Hawkins said a development agreement that was first submitted to Mike Mason in 2005 for a major subdivision was never accepted, because the plan was changed to be a minor. The agreement needs to be updated. He said that at a previous Board Meeting where the major

subdivision was discussed, it was decided to ask for a \$5,000 contribution for upgrade of the Cedar Mesa Road Pipeline. Mike Mason made that payment, and the pipeline has been upgraded.

Jerry Figueroa said the Association needs to ask for easements in the subdivision to adjoining property on the east, south, and west sides of the property for future service in case they are developed.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver that USCDWUA agree to provide water for the Cedar Mesa Estates major subdivision, pending the execution of a development agreement containing all conditions for water service.

MOTION CARRIED with no opposing votes.

Mildred Land (Boothe) Major - 2800 Road, Redlands

Dan Hawkins described the project as a resubdivision of the Johnson Family split, which presently contains five lots. It is creating two new parcels, one of which has a tap, so one more will be needed. Hawkins said the tap can be served from the 2800 Road main line, but if a fire hydrant is required, the line will not support it, because it is 2½ inch diameter. The line would have to be upgraded for about ¾ mile from the Grange Hall north to the property if required for fire protection.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to approve a tap for Mildred Land Subdivision,

MOTION CARRIED with no opposing votes.

Pine Ridge North Major (David Koos) - Cedar Mesa Road

Dan Hawkins said this subdivision was originally planned for thirteen lots when considered by the Board last year. Meanwhile, there has been a delay to work out an acceptable access from Cedar Mesa Road. It resulted in the developer purchasing a lot in the Michael Cole minor subdivision, which adjoins Pine Ridge, to allow the access desired by Delta County.

The purchase of the additional property has expanded the major subdivision to 15 lots. It is planned to be developed in three phases of five lots each. The developer has already purchased the water that will be needed to qualify for the taps.

Hawkins said the developer also owns the adjoining forty acres to the south, and plans to develop it as an extension of Pine Ridge North in the future - it will probably be known as Pine Ridge South. This will allow the main pipeline through the subdivision to be connected at Cedar Mesa Road on the north and 2525 Road on the south, forming a loop. Hawkins recommended that an easement be established through this south parcel now, in case the future development does not take place.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to agree to serve the Pine Ridge North major subdivision, pending the completion of a development agreement, and requiring easement to 2525 Road.

MOTION CARRIED with no opposing votes

Inquiry from Payne Siding

Dan Hawkins reported a call from a woman living in the Payne Siding area between Redlands Mesa and Highway 92 who asked if the company would supply water for that area, which has recently been sold off in 35-acre lots. She stated that, "We were given to understand that

USCDWUA water would become available.” Hawkins said he told her that was not correct.

There was a discussion of the problems and cost involved with such a project, and the fact that the landowner had approached the Board before starting the project and was refused domestic water service.

Maintenance:

Redlands Mesa Leak under road

A leak in a four-inch line under Redlands Mesa Road at 2800 Road was repaired by pulling the damaged pipe out from under the road and slipping in a new one. Dan Hawkins said the replacement pipe is a PVC product known as Yellowmine, which has joints that lock together.

Numerous private line leaks

Hawkins said the March meter readings showed a number of taps using too much water over the winter. He contacted most of them to find out the reason, and several owners discovered they had leaks in their service lines.

Cedar Mesa Road line replacement

The 2½ inch galvanized line from 2600 Road to the Mason Subdivision has been replaced with 6" PVC. Hawkins said it was necessary to place about 150 feet of the line in the right-of-way of Cedar Mesa Road at the Don Craig residence, after learning that the leach field was too close to the route of the original pipeline. Hawkins said it was discovered during the job that the 2½ inch line is badly corroded internally, and is contributing a lot of rusty water.

Progress of DMEA power line - North Road

Hawkins said DMEA re-staked their power pole locations for about one-half mile along North Road to avoid the water line, after USCDWUA dug down to locate it.

Engine failure, Chevy S10 pickup

Dan Hawkins said that, after Surface Creek Auto replaced the valve lifters, the engine apparently suffered a failed bearing on the crankshaft. The quote for a replacement engine is at least \$3,000. Hawkins said the crew is losing confidence in the truck after a string of problems, and that it might be best to replace it. Hawkins said there is \$25,000 in the budget for vehicles, and that would probably cover the cost of a new truck.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to purchase a truck within the budget.

MOTION CARRIED with no opposing votes

Other:

Herman asked about the violation for Haloacetic Acid. Dan Hawkins said he has not had a reply from the State Health Department yet.

Meeting adjourned at 9:30 p.m.

Respectfully Submitted _____



Dan Hawkins Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
May 12, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 7:40 p.m. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Jerry Figueroa, Dennis Grunkemeyer, Bryan Klaseen and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the April 14, 2008 Board Meeting Minutes as written and delivered prior to the meeting.

MOTION CARRIED with no opposing votes

Financial Report

Dan Hawkins gave the Board a written report of the annual CPA review prepared by Blair and Associates. It was agreed to discuss the report at a later meeting if desired.

On the Cash Flow Report for April, Hawkins explained the entry for vehicles as the purchase of a 2008 Chevrolet Colorado.

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the April Cash Flow report.

MOTION CARRIED with no opposing votes

EOM/System Reports

It was noted that April was a slow month for sales & transfers, there being no new taps and only three transfers. Jerry Figueroa asked if the two transfers from Murchison were in the Ed Cole Minor Subdivision. Dan Hawkins said they were. Figueroa said there might be money in escrow for a fire hydrant, which could help pay for the hydrant recently installed at 2600 Road and Cedar Mesa Road. Hawkins agreed to look into it.

Colorado Department of Health

Haloacetic Acid Violation

Dan Hawkins said a letter was received from CDPHE and distributed to the Board rescinding the violation for HAA. The letter admitted a mistake was made in calculation. Hawkins said this was the outcome that was hoped for, but that HAA remains a problem during part of the year, and the running annual average is usually very close to the maximum level.

Lead abatement actions

A letter was received from CDPHE instructing the Association of the steps to take in response to exceeding the Action Level for Lead. The company must:

- Inform every customer of elevated lead levels in some homes, and provide information about the health hazards of lead and how to mitigate them. This was done in the March Newsletter.
- Publish an educational article in a local newspaper which contains the same information provided in the March Newsletter.
- Undertake two rounds of water quality testing at the treatment plant and at each of the homes in the lead sampling pool.
- Develop a plan for altering the characteristics of the water so it is less corrosive.

Completion of plant upgrade

Hawkins said he is expecting a visit from Jerry Bieberstine, the engineer responsible for the treatment plant upgrade project. Mr. Bieberstine will send the State a report of his inspection as the final requirement of the upgrade project.

Laverne Etter water lease-option contract

Dan Hawkins reported that Laverne and Betty Etter of Fruita own one share of Surface Creek Ditch and Reservoir which they want to give the Association on a lease-option contract the same as were recently adopted with Mark Kautsky and with Ray Frey.

Hawkins said he mailed Mr. and Mrs Etter a copy of the standard contract. He included a letter explaining that probably none of their water would be used this year, because they would come behind the two prior contracts, which total more than 20 acre-ft. The Eترز have responded that this is acceptable, and have sent the Association their stock certificate and a signed contract.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the contract. Jerry is to sign it.

MOTION CARRIED with no opposing votes

Maintenance/Construction

BLM progress

Dan Hawkins gave the Board a proposed contract from Walsh Environmental of Grand Junction to prepare an Environmental Assessment (EA) for the construction of water storage and pipeline upgrade on BLM land at the high point of Cedar Mesa. The maximum cost is proposed to be about \$29,900. The proposal allows USCDWUA to terminate the contract at any stage if it appears that costs are going to be too high. Hawkins said that BLM can do the EA, but cannot give a firm schedule or price. He said his impression is that the BLM office is busy with energy leases, and is not in a position to move quickly.

Hawkins said an alternative site that could be considered is located at the south edge of BLM on private land. It is less desirable because is lower in elevation, and its cost and availability are not known. Hawkins said he thinks the parcel is part of the David Stemple estate. After further discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the contract with Walsh Environmental.

MOTION CARRIED with no opposing votes

New vehicle purchase

Dan Hawkins said the purchase of the Chevrolet Colorado included a five-year free maintenance agreement which covers oil changes, tire rotation, and general inspections. He said it will ensure that records are kept of such service so that if warranty repairs are needed, there is no question of improper maintenance. The truck has a three year/36,000 mile all-inclusive warranty, and a five year/100,000 mile engine and drive train warranty.

Date of Annual Meeting

Helen Hawkins reported that the Community Center will not be avail for December 9, 2008, which is the second Tuesday, as prescribed in the Bylaws for the Annual Stockholders Meeting date. The Board discussed other possible sites. Because the 9th is very soon after the close of the fiscal year, it was suggested to schedule the meeting for December 17, 2008, the third Tuesday.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to hold the Stockholders Annual Meeting on December 17, 2008

MOTION CARRIED with no opposing votes

There being no further business, the meeting adjourned at 9:15 p.m.

Respectfully Submitted _____


Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
June 9, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 7:40 p.m. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Jerry Figueroa and Bryan Klaseen. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the minutes as distributed to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

Herman asked about the money spent for the Cedar Mesa Tank Right of Way. Dan Hawkins explained that it was part of the BLM fees.

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the May 2008 Cash Flow financial report.

MOTION CARRIED with no opposing votes.

CPA Report:

Board members who had reviewed the report said they did not find any problems with it.

EOM/System Usage Report:

The Board discussed the slowdown in tap sales. Helen Hawkins reported that only six new taps have been sold in fiscal year 2008. The budget is based on 36 new taps for the year, which appears very unlikely.

Stephen Harper Dispute:

Dan Hawkins said a check was received from Stephen Harper, who owns two taps for Sunrise View Minor Subdivision. The check was not accompanied by a statement stub, or any instructions on how it was to be applied. At the same time, a check was received from a title company to cover the transfer of one of the Harper taps, the lot having been sold. After the transfer, a small amount of money was left over, which was applied to the past due account of Mr. Harper's second, uninstalled tap.

Mr. Harper called and demanded that the check he sent be refunded to him. He said the check had been intended for the transferred account, and that it was "illegal" for the Association to cash it after closing. Dan Hawkins said his position is that Mr. Harper owes the Association money, and that a payment made without instructions could be applied where needed. There was no disagreement from the Board on this position.

Dan Hawkins said that the Sunrise View Minor subdivision is where North Road is to be realigned across Lawhead Gulch on Redlands Mesa. The road construction will require that the existing meter for Lot 1 be moved north some distance, and the main pipeline to the meter be

buried deeper. Hawkins said he submitted a bill to Delta County for \$1,600 for this work, and the County has paid.

Colorado Department of Health and Environment (CDPHE)

Haloacetic Acid (HAA) Violation II

Dan Hawkins reported receiving a letter from CDPHE charging another violation of drinking water standards for HAA. This letter arrived about a month after the CDPHE withdrew its finding of a similar violation for the previous quarter, after finding that a math error had been made, and the current violation appears to be the result of the same type of improper calculation. He said the HAA has been testing high for the past year, although not quite over the limit.

He said he has talked with Jerry Biberstine, who engineered the treatment plant upgrade, and with an engineer from Colorado Rural Water Association. Both expressed surprise that the HAA is high, while Trihalomethanes (THM) is normal. It is more common for both substances to cause problems, because they are both caused by organic materials reacting with chlorine. Jerry Biberstine recommended trying a different laboratory as a check.

Lead actions completed

Dan Hawkins reported that the system is up to date with CDPHE requirements for public education about the health effects of lead. A half-page ad was placed in the Mountain Valley News, and a notice was sent to each member. All testing has been completed for water quality parameters of pH, alkalinity, hardness, and calcium. These tests will help determine the best treatment to inhibit corrosion.

System Inspection

Jocelyn Mullen, the Grand Junction District Engineer for CDPHE, will conduct an inspection of the system on June 10. The inspection, done every three years, is known as a sanitary survey. A written report of her findings will be presented sometime later. Dan Hawkins said he has asked for her advice on dealing with the high HAA levels, and help in resolving the persistent math errors at the State level which result in false violations.

Subdivisions:

Cedar Mesa Estates Major

Dan Hawkins reported that a development agreement has been signed by Michael and Judy Mason for the Cedar Mesa Estates major subdivision. The agreement allows for development in phases, of which phase 1 is two lots, and the succeeding phases are four lots each. Easements have been specified to adjoining property to the south and west of the subdivision.

Pine Ridge North Major

David and Elizabeth Koos have signed a development agreement for Pine Ridge North major subdivision. This development is to take place in five phases of three lots each. An easement has been established through adjoining property on the south, owned by Koos, for extension of the pipeline to 2525 Road to form a loop.

Maintenance/Construction:

Environmental Assessment, BLM easement

Dan Hawkins reported that there was an opportunity to change companies doing the Environmental Assessment for the Cedar Mesa tank project. Walsh Environmental had begun work when Hawkins made contact with ERO, a company located in Hotchkiss. Both companies are acceptable to the BLM but ERO is less expensive. Walsh Environmental has agreed to provide a report of preliminary surveys they have performed, and hand the work over to ERO. The change is expected to save about \$7,000.

Regulator Failure/Burst Pipe, Tabor Road

Dan Hawkins reported that a pressure regulator malfunction at the east end of Tabor Road led to the rupture of a 4-inch PVC pipe. A full 20 - ft. piece of pipe was replaced. Work was started on the repair at about 6:00 pm and finished after 10:00 pm. One house was out of water during the job.

Hawkins said that coincidentally, the Town of Cedaredge had a long running leak on their main line close to the USCDWUA line break. It had been repaired the previous day, and the ground was saturated all over the area, making the repair job more sloppy.

Paonia State Bank CD withdrawal

Dan Hawkins said that a Certificate of Deposit account at Paonia State Bank was found to have stopped accruing interest November 30, 2007. The CD was supposed to have been automatically renewed. The bank agreed to pay the interest up to date, and gave the option to withdraw the CD at any time without penalty. Hawkins said he is dissatisfied with the bank's service, as a similar error was made last year involving the treatment plant construction loan. Hawkins said he has withdrawn the CD and will shop other banks for the best rate.

Town of Cedaredge Map

The town of Cedaredge provided an updated map of the Town/USCDWUA service areas, and requested official signatures. This map is referred to as Exhibit "A" in the existing agreement between the two entities. The revised map assigns the area of the proposed Howell Subdivision north of the Rodeo Ground to USCDWUA.

There was discussion about the Ensley property, which is the "hogback" east of the golf course. Jerry Figueroa said the Town has refused to provide water to Ensley. However, the map does not appear to include the Ensley property in either the Town or USCDWUA service area.

MOVED BY Bryan Klaseen

SECONDED BY John Hawkins to sign the revised map as submitted by the Town of Cedaredge.

MOTION CARRIED with no opposing votes.

Meeting ajourned 8:45

Respectfully Submitted



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
July 14, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 7:38 p.m. Board members present were: Herman Kline, Lynn Oliver, John Hawkins, Jerry Figueroa and Bryan Klaseen. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick, Anne Sievers, and Mark Welsh.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the minutes as distributed to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins reported that the CD account at Paonia State Bank was closed. That fund is represented as "Cashier's Check" on the report. Hawkins said the check has since been deposited in the Surface Creek Bank regular checking account.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the May 2008 Cash Flow financial report.

MOTION CARRIED with no opposing votes.

EOM/System Usage Report:

Dan Hawkins reported that the system usage for June was about one million gallons less than for the same month in 2007. He said it was probably due to the weather, which did not turn hot and dry as early as 2007. The water audit showed slightly less than 10% of produced water being unaccounted for. The Board was advised that no new taps were sold in June.

Anne Sievers property discussion

Anne Sievers told the Board that she is selling a part of her Redlands Mesa property south of North Road which is 250 acres, more or less. She said a potential buyer has backed out of the transaction because of uncertainty over whether domestic water could be provided. The buyer had presented several scenarios for using the property, involving the need for a varying number of taps.

Mrs. Sievers said Dan Hawkins had advised her Realtor, Mark Welsh, that a possible requirement of the Association would be to provide looped service through the property, by a pipeline connected to North Road, running south through the property, then turning west and connecting to 2900 Road. She said she is unable to obtain easement across neighboring property to connect to 2900 Road. She said she feels the requirement for a loop is an impediment to the sale of the property, and would like to be assured that domestic water taps can be provided to a future buyer.

Dan Hawkins said the suggested loop is for the purpose of water quality. A line from North Road extended south could be more than one-half mile long, causing stagnation if the water is not kept circulating.

Anne Sievers asked if a loop from North Road, through the property, then back to North Road would serve the purpose. Dan Hawkins said he would not recommend that, as there is no pressure difference between the two connection points to cause circulation. The advantage to a 2900 Road connection is that there is enough pressure difference most of the time that circulation will occur.

Mark Welsh said he is convinced that an easement from the Sievers property to 2900 Road cannot be obtained. He said he hoped that such an easement would not be a requirement for domestic service to the property. Jerry Figueroa said that without a specific plan, the Association cannot commit future water taps or determine how they would be served.

There was discussion of Association lines versus private lines. It was explained that the Association does not place any design requirements on private water lines after the meter. A private line serves one tap. An Association line serves more than one tap, and is subject to USCDWUA specifications.

Anne Sievers said she felt she had a better understanding of Association policies. She and Mr. Welsh thanked the Board and left the meeting.

Colorado Department of Health and Environment (CDPHE)

System Inspection: Dan Hawkins reported that Jocelyn Mullins, the CDPHE drinking water engineer for the Grand Junction district, completed a Sanitary Survey Inspection of the USCDWUA system. The inspection took place over two days and included the raw water intake, treatment plant, and all storage tanks. Hawkins said Ms. Mullen made favorable comments, but also found deficiencies, predominately in paperwork. A written report will be provided to the Association.

Haloacetic Acid (HAA) Violation II. Dan Hawkins reported on correspondence with Emily Clark, the technician in charge of disinfection byproducts rules. Hawkins said that the HAA concentration reported to the state in the first quarter 2008 was based on the average of two samples, one taken at a distant point on the system representing maximum residence time, and another taken in the center of the system representing average residence time. The sample at maximum residence time shows HAA concentration exceeding the MCL (maximum contaminant level). The sample at average residence time is below the MCL, and the two were averaged give a result below the MCL.

Even though the regulations permit taking more than one HAA sample per quarter and averaging the results, the monitoring plan approved for USCDWUA by CDPHE does not say that this will be the procedure followed. Therefore, Ms. Clark classified the extra sample as an "operational" sample instead of a "compliance" sample. It is not allowed to be averaged unless the monitoring plan says it will be.

Hawkins said he is revising the monitoring plan, and will submit it to the state. However, it appears that the violation for the first quarter 2008 will stand, and there will need to be public notification.

Hawkins said the HAA contamination is caused by the reaction of chlorine with certain organic materials dissolved in the raw water. He said the chlorine dosage is being reduced at the treatment plant, with monitoring at distant parts of the distribution system ensure safe residuals.

Maintenance/Construction:

Sunrise View Minor Subdivision: Dan Hawkins reported that the existing meter for Lot 1 of Sunrise View had to be moved because of Delta County's rerouting of North Road. The main line serving the meter also had to be buried deeper to avoid damage from the road construction. The work has been accomplished, and the meter for Lot 2 was installed at the same time. Delta County assisted with some of the excavation, and also reimbursed USCDWUA \$1,600.

Upper Redlands Mesa Tank: Hawkins reported that the 10,000 gallon tank located 1/2 mile north of P50 Road is leaking and saturating the soil around its base. The source of the leak is not visible, and could be the tank bottom or pipes penetrating the bottom. The tank was originally built in the 1960s. It served as the main USCDWUA storage tank at Milk Creek until 1977. Then it was moved to Redlands Mesa.

Hawkins recommended replacing the tank with the 30,000 gallon steel tank salvaged from the Town of Cedaredge several years ago, and presently stored on USCDWUA headquarters property. The existing tank could remain in service while the larger tank is installed. There is enough room on the tank site owned by USCDWUA for both tanks. The smaller tank would be removed after placing the new one in service.

Hawkins said he received a quote from Doughty Steel for moving the tank to the Redlands site, setting it up, and welding in the penetrating pipes. The amount is \$9,500. A quote was received from B&J painting in Grand Junction to sandblast and repaint the inside and outside of the tank after it is set up on site. The amount is \$15,198. Hawkins said he estimates the piping, gravel base, and interconnections can be done by USCDWUA for \$5,000. The total project cost would be \$29,700, possibly \$35,000 with 15% contingency.

After further discussion, it was

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to proceed with the replacement of the upper Redlands Mesa Tank, using Doughty Steel for transportation, setup and welding, and using B&J Painting for sandblasting and painting

MOTION CARRIED with no opposing votes.

Leon Lake work pending: Dan Hawkins said that USCDWUA personnel and equipment will be involved in upcoming work at Leon Lake. The siphon system must be assembled and tested, the "bubbler" lake level sensors must be energized and tested, and a new parshall flume installed at the tunnel outlet.

Ellis Fritchman explained that the parshall flume currently in place at the tunnel outlet was made from light gauge steel, and is apparently deformed by earth pressure. It is causing controversy and possible lost water due to inaccurate measurements. The new flume is made from 1/4" steel plate.

Jerry Figueroa said the siphon system needs a permanent storage place when it is not in use. He recommended USCDWUA, because it is an entity with a permanent staff, and perhaps

knowledge of the purpose and operation of the siphon would be carried into the future. It was suggested that Leon Lake Company invest in a dedicated storage shed which could be kept on USCDWUA property.

Pine Ridge North Major Subdivision pipeline work: Dan Hawkins said he was notified by Spring Branch Excavating, the contractor for Pine Ridge, that the project is ready to start. Hawkins said there is a Delta County Planning Commission meeting July 24 to hear the preliminary plan. One tap currently exists for the subdivision. The first phase requires five taps.

The consensus of the Board was to wait until after planning commission approval, and purchase of remaining taps before committing any material to the pipeline construction.

Budget Progress

Dan Hawkins presented the Board with a line-by-line account of income and expense for the first seven months of fiscal 2008, in comparison with the budget. The most obvious discrepancy is the lack of new tap sales. Only 17% of the expected revenue from tap sales has come in. About 19% of the expected capital improvements have been accomplished.

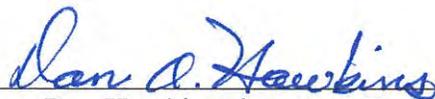
Jerry Figueroa noted that the Association is struggling to meet operational costs with the current monthly base charge at \$29, pointing out a \$4,000 deficit in operational income versus expense. There was discussion of increasing the base charge for the coming year. Dan Hawkins said that with 1000 taps in the Association, each dollar added to the base would provide \$1,000 per month, or \$12,000 annually.

The question arose whether to increase the base rate immediately, due to the operational deficit. Dan Hawkins recommended waiting a couple of months, as the deficit typically corrects itself during the summer months.

Dan Hawkins said he had not put the \$75,000 from the liquidated Paonia Bank CD account into any new account yet. He noted that at least \$50,000 cash will be required within the next month or so to fund the Redlands Mesa tank replacement and the Environmental Assessment report for the Cedar Mesa Tank project. Consensus of the Board was to keep the money available for the time being to meet expected cash demand.

Meeting adjourned 9:45 pm.

Respectfully Submitted



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
August 11, 2008 Board Meeting

Herman Kline called the meeting to order at 7:38 p.m. Board members present were: John Hawkins, Herman Kline, Lynn Oliver, and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick, and Guy Miller.

Minutes:

Herman Kline asked if the HAA violation was still standing. Dan Hawkins said it might be the fourth quarter of 2008 before the system will be in compliance because much lower concentrations of HAA will have to be averaged with the higher previous readings to obtain an acceptable average.

MOVED BY Ellis Fritchman
SECONDED BY Lynn Oliver to accept the July 14, 2008 Minutes.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the receipt from Leon Lake as reimbursement for USCDWUA work on the siphon project. He also mentioned that more money has been spent since, and there will probably be yet more before the project is finished.

The payment to ERO was discussed for the Cedar Mesa Tank. It is for ongoing work on the environmental assessment. The payment recorded for the Redlands Mesa Tank was questioned, and was reported as a deposit to DMEA for help in moving the 30,000 gallon tank to Redlands Mesa.

MOVED BY John Hawkins
SECONDED BY Lynn Oliver to accept August 2008 Cash Flow Report
MOTION CARRIED with no opposing votes

End of Mouth Report/System usage Report:

The Board reviewed the reports. Dan Hawkins said system usage was less than the same month in 2007, by about 300,000 gallons. Ten percent of system usage was unaccounted for. Hawkins also reported that tap sales continue to be nonexistent. There appears to be some trading in existing properties, because transfers are continuing. The total tap sales for the fiscal year remains at six.

Subdivisions:

Mildred Land Minor - 2088 R Road, Redlands Mesa: Dan Hawkins said that the developer, Ron Boothe, already owns all three taps for the minor subdivision. Hawkins said he had previously reported to the Board that one tap remains to be purchased, but that report was in error. All the taps existed before the subdivision was proposed.

The subdivision is located about $\frac{3}{8}$ mile north of Redlands Mesa Road on 2800 Road. If a fire hydrant is required at that location, the existing $2\frac{1}{2}$ inch galvanized line will need to be upgraded to provide adequate flow. The developer has asked if the Association would share the cost of the upgrade. Hawkins said he estimates the cost to be \$30,000.

There was discussion of the condition of the existing line. It was built in 1960, and is producing rust, according to Hawkins. The one-mile section along 2800 Road is the last galvanized pipe in the main system on Redlands Mesa.

MOVED BY Ellis Fritchman

SECONDED BY John Hawkins to participate in upgrade at 50%. The manager is to write a letter to the developer defining the agreement, which will have a lifetime of one year.

MOTION CARRIED with no opposing votes

Inquiry from Spruce point Tree Farm, Rimrock and North Road: Dan Hawkins reported a telephone call from Gary Hazellhurst of Spruce Point Tree Farm, located on Rimrock Road and North Road, Redlands Mesa. The caller was asking about the possibility of obtaining taps for two lots on North Road west of the intersection. This is adjacent to the Sunrise View Minor (Stephen Harper) subdivision. Harper is required to contribute one-half the cost of a pipeline upgrade along North Road going east from Rimrock before he can fully develop his subdivision.

Hawkins said he told Mr. Hazelhurst of the need to upgrade the system, and suggested he contact Stephen Harper and offer to cooperate. He also invited Mr. Hazelhurst to attend the meeting.

The Board discussed the situation and the consensus was that no action would be taken without direct discussions with Mr. Hazelhurst.

Colorado Dept. Of Health:

HAA Public Notice reaction: Dan Hawkins said he had only received three calls from users concerned about the notification of the HAA violation. Hawkins said he has been telling users that they should continue to use the water as usual. Boiling the water has no effect, and it is doubtful that a filter other than a reverse osmosis type will remove the compound.

Hawkins said that a different laboratory will be used for HAA samples, in case there have been erroneous results from the other lab. He said that it will be some time before the system will be back in compliance, because even if future tests are lower, they will be averaged against previous high readings and may exceed the running annual average.

Dubious health risk from HAA: Hawkins said he is frustrated by the regulation of HAA, because it is an inevitable result of chlorinating any water that contains natural organic acids, that is, all surface waters. He said conflicting EPA regulations have made it difficult if not impossible to maintain a safe chlorine residual in the distribution systems without creating HAA. He said the trade journals are full of case studies of water systems across the country experiencing the problem.

Hawkins said the published EPA review process concerning the HAA regulation does not show any link to human cancer from HAA. The regulation appears to be precautionary, based on animal studies. Laboratory rats can be made to develop liver tumors, but only at HAA doses many times higher than what could be obtained from the water.

Maintenance/construction

Upper Redlands Tank project: Dan Hawkins reported that the 30,000 gallon tank is scheduled to be moved August 18. The move will involve Doughty Steel, DMEA, and TDS Telecom. The tank base is under construction by USCDWUA. After the tank is set and the entry/exit pipes are welded in by Doughty, the tank will be sandblasted and painted inside and out by B & J Painting of Grand Junction.

Leon Lake siphon and level recorders: Dan Hawkins reported that he and Dayton Myers went to Leon Lake with Eric, Ellis, and Eli Fritchman to install the permanent portion of the siphon, made of 8" steel pipe buried in the west dam abutment. The siphon is to be assembled and tested later.

Hawkins said a new parshall flume is installed at the tunnel outlet. Yet to be accomplished is installation and test of the bubbler lake level recorders at Leon and Colby Horse Park reservoirs.

Pine Ridge North Major: Dan Hawkins reported that David Koos, the developer of Pine Ridge North major subdivision is nearly ready to begin construction. He is required to purchase four taps for phase 1 of the project, which is five lots (one tap is already owned).

Other

Guy Miller

Mr. Miller addressed the Board concerning his property on Q25 Road east of 2550 Road. He had planned to divide his 40 acres into a major subdivision of up to six lots. The Association had responded to his application with a requirement to upgrade the 2½ inch line on Q25 Road to a six-inch line for fire protection.

He said he has changed his plan, and now proposes a minor subdivision with two lots along Q25 Road, both of which are served by existing taps. The third lot would be along Cedar Mesa Road at the south end of the property. He requested that the requirement for pipeline upgrade along Q25 Road be dropped.

Dan Hawkins asked if Mr. Miller would grant USCDWUA an easement along the west side of his property for the purpose of interconnecting Q25 Road and Cedar Mesa Road. Mr. Miller agreed.

No formal action was taken, but discussion indicated a consensus position that it would not be necessary to require Mr. Miller to upgrade the Q25 Road pipeline under the new plan. Since a tap had previously been authorized on Cedar Mesa Road, it was not necessary to take action on that tap request.

Dan Hawkins said he had discussed with Wayne Doughty of Doughty Steel the possibility of moving the existing 50,000 gallon steel tank presently in place at Association headquarters. The tank has not been used in many years, as the growth and re-design of the system made it unnecessary at its location.

Mr. Doughty said the tank would have to be cut in half horizontally to be moved over the road. He said that when it is welded back together on site, a section could be inserted to make the tank higher and increase its capacity. Hawkins said he was thinking that a good use of the tank might be alongside the lower Redlands Mesa tank. If the old tank is set there, and its height is increased to match the existing tank, it could operate in parallel with the existing tank, and would increase the storage at that location by 60 %.

The Board discussed this option, and were in favor of seeking a quote from Doughty for this idea.

Meeting adjourned 9:30 p.m.

Respectfully Submitted


Dan A Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
September 8, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were: John Hawkins, Herman Kline, Lynn Oliver, Bryan Klaseen, Dennis Grunkemeyer, and Jerry Figueroa. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick and Adele Clayton.

Minutes:

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the August 11, 2008 Minutes.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins reported that Dave Koos purchased four taps for the first phase of Pine Ridge North major subdivision.

Hawkins pointed out the expense for tank maintenance. The diving company who cleaned the steel tanks last year repaired the rust spots that were discovered. Also, the concrete clearwell at the treatment plant was cleaned. The company provided written reports and a video disc of all work performed. The tanks should not require inspection for at least five years.

MOVED BY Bryan Klaseen
SECONDED BY Ellis Fritchman to accept the August Cash Flow report.
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins presented the EOM Report. Ten taps have been sold so far this fiscal year. Thirty-six taps were budgeted for the year.

Foreclosures and other transfer problems:

Dan Hawkins reported that an increase in foreclosures has made for some difficult stock transfers. In nearly all cases, the stock certificate is not available, and the Association requires a lost document bond for indemnification against any possible future claims.

Hawkins introduced Adele Clayton, an employee of Western Group Insurance in Delta. Her company has been involved in obtaining bonds for several recent transfers. She explained that the foreclosing lenders are reluctant to pay any money or sign an application for a lost document bond. In most cases they attempt to make the buyer sign the application and pay the fee.

She said that her experience has also shown a lack of foresight by Realtors representing the foreclosed property. There is usually no effort made to comply with the Association's requirements until closing is scheduled, resulting in closings that don't address the water transfer at all. Dan Hawkins said he agreed that this is a serious problem. He said when he learns of a pending foreclosure sale, his policy is to lock the meter, and not provide any water until the transfer is complete.

Jerry Figueroa said it is the responsibility of the Realtor to make sure everything is in order before closing. Too often the Realtor depends on the closing agency to do this.

Ms. Clayton recommended that the Association continues to insist on the lost document bond. The board agreed that a bond is necessary.

Subdivisions:

Pine Ridge North:

Dan Hawkins reported that pipeline construction in the subdivision has begun. Eddie Clements of Spring Branch Excavation is the contractor.

Construction/Maintenance:

Upper Redlands Tank:

Moving the 30,000 gallon tank to Redlands was originally scheduled for August 18. The job was rescheduled to August 22. Dan Hawkins said the reason was that he learned that DMEA would charge time-and-a-half on the 18th, as that was a Monday and the crew's normal day off.

The move was made by Doughty Steel, assisted by DMEA, TDS Telecom, and three Sheriff Deputies for traffic control. The tank was on the road for two hours and was in place by 12:30 pm. The tank has been welded onto the penetrating pipes, sandblasted and painted. The paint needs to cure for at least two weeks before the tank can be used, and there is some more piping work needed to connect the tank into the system.

Hawkins said his previous belief that the existing 10,000 gallon tank is leaking is probably wrong. He said that while working on the base for the new tank, he saw that water had come from the tank overnight. It seemed to have run off the roof. The only place it could have come from was the access hatch on the roof, meaning that the tank had overflowed. Normally, the tank spills into an overflow pipe when it gets too full.

Hawkins said that several years ago, a pair of meters were installed in the overflow line to measure how much water is wasted by overflow. Apparently it has been possible this year to supply enough water that the meters cannot pass all the water, causing the tank to run over at the roof hatch.

Jerry Figueroa suggested that both tanks be kept operating. After discussion, it was decided to empty and inspect the tank after the new tank is in service, to see if keeping it in place is feasible.

Pressure Regulator:

A pressure regulator failed at the intersection of Indian Camp Avenue and Surface Creek Road. The device was a "Roll Seal" brand. Dan Hawkins said a few of this type were installed a few years ago, instead of the "Cla-Valve" brand which the Association has used since the beginning. All of the Roll Seal regulators have failed, and will not be used any more.

Abandoned Cedaredge Line:

Hawkins said that a valve box between T50 and Ute Trail Road was found to be full of water. After pumping the water out, it was discovered that the leak was from a cracked fitting in the old abandoned Cedaredge pipeline, which shared the valve box with USCDWUA. The water was from a ditch, getting into the abandoned pipeline uphill from the box. The water was shut off using a valve in the Cedaredge line.

Leaks:

Hawkins reported that pipeline leaks were repaired on the east end of Redlands Mesa and on Ute Trail Road. Both were small leaks that did not lose much water.

Other:

Jerry Figueroa reported that the Leon siphon is to be demonstrated for representatives from the Colorado Division of Water Resources and Ute Water District in September. After the demonstration, the siphon is to be dismantled and stored at a site off Grand Mesa. The Leon Board of Directors has agreed to furnish a storage shed and has inquired if it could be placed on USCDWUA headquarters property. There was no objection to the proposal.

Meeting adjourned 9:00 pm.

Respectfully Submitted



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
October 13, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 7:30 p.m. Board members present were John Hawkins, Jerry Figueroa, Lynn Oliver, Herman Kline, Ellis Fritchman, Bryan Klaseen and Dennis Grunkemeyer. Other present were Lawrence MacKendrick, Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the September 8, 2008 Minutes as written and distributed to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the costs of the storage building and Upper Redlands Mesa Tank. Herman Kline asked about the expense for vehicle repairs. Hawkins said that tires were purchased for the Chevy Colorado pickup

End of Month/System Usage Report:

The report showed no new taps were sold in September. System use for the month was about 11 million gallons, which was similar to the same month in 2007.

Storage Shed Purchase:

Dan Hawkins reviewed a discussion that took place at the September 8th USCDWUA board meeting, concerning the placement of a storage shed on Association property for storing the Leon Lake siphon. The plan had been to have Leon buy a small shed dedicated to the siphon. Hawkins said he was asked by the Leon Board to look into buying a shed.

He said that the smallest sheds he looked at cost about \$1,500, and were bigger than needed for the siphon. He decided to buy a bigger shed for USCDWUA, and use a part of it for the Leon siphon. The shed is 12 feet wide and 24 feet long, with an overhead loft. The cost was \$4,600. The Leon siphon will use about ¼ of the available room.

There was discussion of the combined use of the shed for Leon and USCDWUA material. It was brought up that all contents need to be adequately insured. It was agreed to accept partial payment for the shed from Leon, or accept rent, at the discretion of the Leon Board.

Discussion moved to the operation of the siphon. Dan Hawkins said the siphon was assembled and tested first on September 12, and the official demonstration for all interested parties was done on September 17. Officials from Division 4 and Division 5 of the Colorado Division of Water Resources attended, along with representatives from Ute Water. The siphon delivered 4.5 cfs through the 8-inch pipe. All observers seemed satisfied with the demonstration. The siphon was immediately disassembled and brought back to USCDWUA to be stored.

There was further discussion of the future of the siphon. Most agree that the siphon will never be used in earnest. However, it is important to assemble and test it periodically to train others besides USCDWUA personnel. An inventory of parts and instructions for assembly/operation need to be kept in the shed with the siphon.

It was suggested that a written agreement be made between Leon and USCDWUA for storage and other pertinent details of the arrangement.

Subdivisions:

Phase 1 construction, Pine Ridge North: Dan Hawkins said this project has been intermittent because the contractor (Spring Branch Excavating) seems to have other jobs going at the same time, and so has not been continuously available. However, most of the pipe has been laid. The pressure regulating station still needs to be built.

Maintenance/Construction:

Upper Redlands Tank project: Dan Hawkins said the project has gone smoothly. The two contractors involved, Doughty Steel and B&J Painting Company performed as they said they would, with no extra cost or other problems.

All piping is in place to begin using the tank when the paint has cured. The piping was designed so that the new tank and the old tank may be used together or separately. Hawkins said he doesn't know yet how the elevations of the tanks compare. The best way to find out will be to fill them both and see where they each spill.

A bid to sandblast and repaint the old tank was received from B&J Painting Company, in the amount of \$8,950.

Hawkins said the main job remaining is the removal of rocks, brush, and other construction debris, and placing gravel on the access road and around the tank.

Redlands Mesa fire: Dan Hawkins reported that a fire on the west slope of Redlands Mesa had destroyed the residence of one USCDWUA member, Lucille Paulson. The fire was fought for two days, using an estimated 100,000 gallons of water, all pulled from the Redlands Mesa domestic system. Hawkins said that during the fire the system was adjusted to send as much water to Redlands as possible. Nobody ran out of water, and the Redlands tanks recovered fully within one day.

Fall pipeline construction: Dan Hawkins proposed to replace about 3000 feet of pipeline on Peach Road. He said the 2½ inch galvanized line on that road is producing a lot of rust, which discolors the water. He said the problem seems to be that the line is part of a loop which was made when a new pipeline for the Koos Minor Subdivision was connected two years ago. The north half of the Peach Road pipeline has flow reversal occasionally, which dislodges rust.

Dennis Grunkemeyer asked if it is necessary to spend money this year to preserve tax-exempt status. Hawkins said that there is no surplus revenue this year because of the slowdown in tap sales.

Hawkins was asked why this particular pipeline is more important to replace than others on the system. He said he views it as a relatively inexpensive project, and is at low altitude, meaning it could be completed even if winter weather sets in.

Hawkins said the Association has \$200,000 on hand, and that he feels a reserve of at least \$150,000 should be maintained. He said he thinks \$50,000 is enough to do the Peach Road project. Jerry Figueroa asked if total construction for the year would exceed revenue from tap sales. Hawkins replied that it probably would, but that there would be a reimbursement from Pine Ridge North Subdivision to partially offset it.

After further discussion, it was

MOVED BY John Hawkins

SECONDED BY Lynn Oliver to upgrade the Peach Road pipeline from Cedar Mesa Road south to the Koos Minor Subdivision line.

MOTION CARRIED with six ayes. Ellis Fritchman abstained.

Progress on HAA5 and Lead contaminants:

Dan Hawkins said he has received a request from the Colorado Department of Health for a report on the USCDWUA program to come into compliance with drinking water regulations concerning lead and haloacetic acid (HAA). He said he is starting to write the report, and would like the Board to know what it will contain.

Hawkins said the first effort is to lower the chlorine dose at the treatment plant. This must be done carefully, to maintain a chlorine residual in all parts of the system. Dennis Grunkemeyer asked if chlorine booster stations along the system would help. Hawkins said he is reluctant to do this if it can be avoided, due to the cost and complexity of booster stations. He said a chlorine booster station must have all the features of the chlorine room at the treatment plant, be supplied with heat and power, and be continuously monitored remotely.

Hawkins said it appears that both HAA and lead can be improved by raising the pH of the water. The Surface Creek water has very low alkalinity, which allows acids to form easily, and also tends toward corrosion of pipeline metals. The pH can be adjusted to a higher value by injecting sodium hydroxide (lye) into the water. He said this is a common procedure, used in many water treatment plants. It is the least expensive step to take, and may be all that is needed. State engineering approval will be needed to make the changes to the treatment plant.

The most recent tests for HAA have showed a considerable reduction, but since compliance is based on an annual average, the system is still in violation. Another public notice will be sent at the end of October with the water bills

Respectfully Submitted *Dan C. Hawkins*
Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
November 10, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were John Hawkins, Jerry Figueroa, Lynn Oliver, Herman Kline, Ellis Fritchman, Bryan Klaseen and Dennis Grunkemeyer. Other present were Lawrence MacKendrick, Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept the October 13, 2008 Minutes as written and distributed to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

Dennis Grunkemeyer had questions about the prepaid accounts and the past due accounts. Dan Hawkins explained that prepaid accounts represent the amount that members have paid in advance for water service. It is carried on the books as a liability, because the Association owes service to those members. The past due is booked as an asset because it represents receivables. The past due amount is high and increasing because of numerous accounts that are shut off for non-payment, and accumulate as each month's bill plus penalty is added on.

Bryan Klaseen asked if there is any discount or other reward for prepayment. Dan Hawkins said there is none, as there is no need to encourage or discourage the practice; it is voluntary on the part of the customer.

MOVED BY Herman Kline

SECONDED BY John Hawkins to accept the October 2008 Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Report:

Dan Hawkins reviewed the report. System water use was 200,000 gallons more than October of 2007. No new taps were sold in October.

Maintenance/Construction:

Low Creek Flow: Dan Hawkins reported problems at the raw water intake because of a sudden reduction of flow in Surface Creek. Colder weather plus no snow cover caused the creek to freeze back. The rock diversion dam had to be sealed off with plastic tarps and sandbags to get enough water into the intake to operate.

Dennis Grunkemeyer asked if a concrete diversion could be constructed. Hawkins said that option was explored when the treatment plant was built. The Army Corps of Engineers permit process for a concrete dam was lengthy and expensive. It was decided to pursue a permit for a rock dam, which was comparatively cheap and easy to obtain. It does require maintenance work with an excavator each spring and fall to prepare for the changes in stream flow. Hawkins said this is the first time it has been necessary to completely seal the creek.

Peach Road : Dan Hawkins reported on construction of the six-inch pipeline. It is connected to the main line on Cedar Mesa Road at the north end. A bore was successful under Cedar Mesa Road. The line is presently completed as far as the Cedar Mesa Club house. A pressure regulating station is installed at McPherson Road.

Hawkins said he was not able to obtain an easement through property owned by Brian

McPherson on the west side of Peach Road south of McPherson Road, where there would have been more room for the pipeline. Instead, it has been installed in the County Road easement.

The project has been slowed by the need to dig out and dispose of a lot of big rocks.

Pine Ridge North : Hawkins reported that all water infrastructure for the first phase of the subdivision (five lots) is complete. A bill for \$26,000 has been presented to the developer, and payment is expected to be received by the end of November.

Upper Redlands Mesa Tank : Hawkins said the new tank is in service, and so is the old tank. There is only 3 ½ -inches difference in the spill elevation between the two tanks, making it feasible to run both tanks at the same time.

Hawkins said he received a quote from B and J Painting, the contractor who painted the new tank, to sandblast and paint the old tank inside and out for \$8,950. If we decide to do the work, it will have to wait until spring.

Letter to CDPHE:

Dan Hawkins called attention to a letter submitted to Emily Clark, who is the CDPHE rule manager for disinfection byproducts. Ms. Clark had requested a progress report on returning to compliance with the minimum contaminant level for HAA5. Hawkins said a system for injecting sodium hydroxide into the water is being put together. That is intended to raise the pH of the water, and inhibit the formation of HAA5.

Budget Preliminary:

The Board discussed a preliminary 2009 budget scenario presented by Dan Hawkins. There was general pessimism regarding the economy. The preliminary budget assumed selling 15 new taps. Doubts were expressed that even that many new taps would be sold. John Hawkins requested that at the December meeting, a budget scenario assuming no new taps should be looked at.

The Paonia Bank loan for the treatment plant was discussed. Dan Hawkins said there is a balloon payment due in October 2009, at which time the balance due will be about \$460 thousand. Dennis Grunkemeyer stressed the need to refinance the loan now while the interests rates are low.

Jerry Figueroa pointed out that principal payments on the Paonia Bank loan and the CWCB loan have been funded by tap sales. He said if there are no tap sales, the principal amounts will have to come from operating revenues instead. This could mean a need to increase monthly charges.

There was discussion of capital improvements for the coming year. It was generally agreed that pending projects can be deferred if necessary to let the economy improve.

Annual Meeting:

Terms will expire for Herman Kline, Jerry Figueroa, and John Hawkins. Bonnie Kline agrees to make cookies, reported Herman Kline.

Other:

Brian Klaseen said a member had asked that the By-Laws be posted on the website. Helen Hawkins said they are on the website, and explained how to get to them.

Jerry Figueroa said that Mike Mason's major subdivision Cedar Mesa Estates has passed the preliminary hearing at the county level. He wondered if the preliminary plat that USCDWUA has on file is current. Dan Hawkins said he would find out.

Respectfully Submitted:



Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
December 15, 2008 Board Meeting

Jerry Figueroa called the meeting to order at 2:10 p.m. Board members present were: Herman Kline, Lynn Oliver, Jerry Figueroa, Dennis Grunkemeyer, and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins, Lawrence MacKendrick, Greg Collins, Leslie Collins, Judy Arona and Ron Prescott.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Herman Kline to accept the November 8, 2008 minutes as distributed to the board members.

MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to accept the November 2008 Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

The monthly report of membership transactions showed no new tap sales and no transfers. The system usage was lower than November of 2007.

Subdivisions:

Collins Minor - Heavens View Road (east end of Cedar Mesa):

Greg Collins spoke to the Board about his application, along with his wife Leslie, to subdivide their property in order to build a second home for a parent. He said that he and his wife only intended to build one house, but Delta County recommended two new lots be created to take advantage of the maximum allowed under minor subdivision rules. Family splits are no longer granted by the County.

The property is 35 acres, located along the west side of Heaven's View Road, about ¼ mile south of Cedar Mesa Road. Dan Hawkins said there is no main pipeline along Heaven's View Road. A 2-inch main pipeline which serves properties to the east is located about 200 feet east of Heaven's View Road, on parcels owned by Ron Prescott and Judy Arona.

Hawkins said that the service line connecting the Collins residence to the main line on the Arona property is not large enough to support two more taps. The private line would have to be upgraded and made a part of the USCDWUA system. Hawkins said he does not know the status of the easement on the Arona property for the service line, and whether it could be used by USCDWUA.

Judith Arona said there is no easement, and the Collins service line was installed without her knowledge or permission. She said she is not willing to grant easement to USCDWUA for

the purpose of running a main line extension to the Collins subdivision. She went on to say that water service at her home is inadequate; that she is unable to run sprinklers on her assigned watering day, and that the water is often tainted with rust and algae smells.

Dan Hawkins explained the pipelines in the area. He said there is about 3,000 feet of 2½ inch galvanized line serving 20 taps along Cedar Mesa Road at the east end of Cedar Mesa. The two-inch branch serving the Collins area has five taps on it. He said he is aware of occasional rust problems in the area, which are dealt with by flushing. Ron Prescott said he had pressure problems last summer, but that USCDWUA employees worked on his meter and improved the pressure. Mr. Prescott expressed the opinion that the 2½ inch line is at capacity and new taps should not be granted until the line can be upgraded.

Mr. and Mrs. Collins, Mr. Prescott and Mrs. Arona left the meeting. Discussion continued about the possibility of improving service in the area. Dan Hawkins said replacing the 3,000 feet of 2½ inch galvanized pipe would cost at least \$70,000. He said it might be possible to improve service temporarily by feeding the 2-inch branch from the east (high pressure) side instead of from the west, as is the current flow. Hawkins said he would install pressure loggers on the line to verify whether there is actually a main line problem, or whether the problem is actually in the Arona meter or house plumbing. He said no other users on the line have complained.

The route of a possible main line to the Collins Subdivision was discussed. The sketch plan submitted by Collins shows a utility easement along the west side of Heaven's View Road. If its existence can be verified, this could be used to construct a new pipeline without needing an easement from Arona. The distance would be about 1500 feet.

MOVED BY Ellis Fritchman

SECONDED BY Dennis Grunkemeyer to commit two water taps to the Collins Subdivision, provided that Collins pays for a main pipeline extension to the source, and provides adequate evidence of easements to do so.

MOTION CARRIED with no opposing votes.

Pine Ridge North Major Subdivision:

Dan Hawkins said that David Koos has proposed that he buy one or two new taps for the subdivision, and change the phase boundaries so that the new taps are part of phase 1. Hawkins said the pipelines and meter pits are already installed for the lots being considered. There would not need to be any further construction. The Board did not express any objection to this proposal.

Maintenance and Construction

Peach Road Line Replacement: Dan Hawkins reported this project is completed except for changing Brian McPherson's tap, which will abandon the galvanized line along McPherson Road. The project replaced 3,400 feet of 2½ inch galvanized line with 6 inch PVC.

Leak above Ute Trail Road: Hawkins said a serious leak developed on the six-inch steel line west of Milk Creek north of Ute Trail Road. The pipe had been laid across a rock, which eventually caused a rust hole. The hole was repaired by a stainless steel patch band.

Budget preparation

The Board reviewed the 2008 annual financial report and budget alternatives for 2009. Dan Hawkins said that Rocky Mountain Health Plans, the Association's health insurer has discontinued the plan that to which USCDWUA has subscribed for the past two years. The closest replacement plan would be 44% more expensive than last year.

Hawkins said he discussed health plan options with the employees. To save some cost, a different plan was selected. The plan uses an HSA (Health Savings Account) for each employee to help cover the \$6,000 deductible amount of the insurance policy. USCDWUA will pay into the HSA at the rate of \$4,000 per employee per year. This reduces the increase in health insurance cost over last year to about 27%.

Hawkins said payroll could be reduced by eliminating the part-time position held by Dave Watson. It is less likely that the additional help will be needed if new construction is deferred. The remaining employees will be paid at the same rate as last year.

Even with these cost cuts, it was apparent that the current monthly rate of \$29.00 will not cover operating cost and debt service. An increase of one dollar to a monthly charge of \$30 would just break even. An increase of two dollars to a monthly charge of \$31 would provide an operating margin of about \$15,000.

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to present three budget scenarios to the shareholders. One at the current rate, one with an increase of one dollar (\$30/ month) and one with an increase of two dollars (\$31/month).

MOTION CARRIED with no opposing votes

Annual Meeting preparation

Incumbent Board members have indicated they are willing to remain. Cookies will be provided by Bonnie Kline.

Meeting adjourned 5:30 p.m.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

Upper Surface Creek Domestic
Water Users Association
Minutes of Organizational Meeting

December 16, 2008

Jerry Figueroa called the meeting to order at 9:10 pm. after the Annual Stockholders Meeting at Cedaredge Community Center. The purpose of the meeting was to determine officers for the coming year.

MOVED BY Ellis Fritchman

SECONDED BY Bryan Klaseen to retain Jerry Figueroa as President, Herman Kline as Vice President, and to appoint Dan Hawkins as Secretary-Treasurer.

MOTION CARRIED with no opposing votes.

There was discussion of the annual Board and Employee dinner. The Manager was advised to set it up for Thursday night in the second full week of January, 2009.

Meeting adjourned at 9:20 pm.

Respectfully Submitted *Dan a. Hawkins*
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
January 12, 2009 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were: Jerry Figueroa, Lynn Oliver, Ellis Fritchman, Herman Kline, Dennis Grunkemeyer, and Bryan Klaseen. Others present were: Dan Hawkins, Helen Hawkins, Reg Cridler.

Minutes:

The minutes were distributed to the Board in advance of the meeting.

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to accept the December 15, 2008 minutes as written and distributed.

MOTION CARRIED with no opposing votes

Financial Report:

Helen Hawkins provided a corrected cash flow report for December. Herman Kline asked about the rent paid to the BLM. Dan Hawkins said it was for the raw water line easement above the treatment plant, and covers the next ten years (until 2018). There was a question about the money paid for pipe. Dan Hawkins said it was for pipe used on the Peach Road project. The bill did not arrive until after the beginning of the new fiscal year.

MOVED BY Dennis Grunkemeyer

SECONDED Lynn Oliver to accept the corrected December Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

The End of Month report showed there were no new tap sales, and there were two transfers. The system usage at 6,435,000 gallons was about 260,000 gallons less than December of 2007. However, Dan Hawkins said the usage has increased sharply in January, indicating there may be an undiscovered leak.

Subdivisions:

Collins Minor - Heaven's View Road (east end of Cedar Mesa): Dan Hawkins said he did not attend the Area Planning Committee meeting in Cedaredge. He talked to Barbara Ball of Delta County Planning after the meeting. The subdivision was approved subject to the USCDWUA condition that the developer provide an easement to connect to the main pipeline.

Barbara Ball provided a plat which showed the easement across the Arona property containing the Collins private service line. The easement is ten feet wide.

Hawkins said he recommended the easement be increased to 25 feet wide if it is to be

used for a USCDWUA pipeline. Negotiations are apparently going on between Arona and Collins to enable using the easement. The alternative route is north along Heaven's View Road from the Collins property to intercept the main line.

Maintenance/Construction:

Dan Hawkins reported that a four-inch line burst along Ute Trail Road on the Sunday night before Christmas. The break was repaired that night and water service was restored by midnight. The following day, a pressure regulator failed to operate downstream from the break. The regulator was dismantled and found to have a rock inside, probably as a result of the pipe break.

Hawkins said the break appeared to be caused by large rocks backfilled onto the PVC pipe at the time of installation. The line is about 35 years old.

Member reactions to rate hike:

Dan Hawkins said that apart from several encouraging notes received from customers with their payments, there have been no comments about the new monthly minimum charge of \$31.00.

Other:

Dan Hawkins said he received an inquiry from Cheryl Gates, who lives on Cactus Park Road south of the Harry Vaughan ranch. The property has a water tap which was originally issued in 1995 but has never been installed. Mrs. Gates said she understood that the 8" steel pipeline running along the west side of Cactus Park Road was not to be tapped without the installation of a main pressure regulating station, and wondered if that policy applied to her tap.

Hawkins said the Board had made such a stipulation at one time, pertaining to properties on the east side of Cactus Park Road that might require domestic water service. Bud Burgess had divided the property into several 35-acre parcels. It was thought that the best way to serve them would be to install a separate distribution line on the east side, rather than have multiple individual taps crossing the road to access the main line.

Hawkins said the Gates property is on the west side of the road. The main line runs in an easement on the Gates property. Hawkins said he believed the Gates tap could be connected to the main line, with a small pressure regulator in line ahead of the water meter. The main line pressure is more than 350 psi. The Board did not object to connecting the Gates tap to the 8" main line.

It was announced that the annual dinner for the Board and staff would be Thursday, January 15, at the Sundance Motel Restaurant.

Meeting adjourned at 8:30 p.m.

Respectfully Submitted



Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
February 16, 2009 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were: Jerry Figueroa, Lynn Oliver, Ellis Fritchman, John Hawkins, Herman Kline, Dennis Grunkemeyer, and Bryan Klaseen. Others present were: Dan Hawkins, Helen Hawkins, Greg and Karen Collins; and Lawrence MacKendrick

Minutes:

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to accept the minutes of the January 12, 2009 meeting as written and delivered to Board members prior to the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

John Hawkins asked about a sudden increase in the amount of prepaid accounts. Helen Hawkins explained that it is typical for certain people pay in advance at this time of year.

There was a question about expense for water purchase. Dan Hawkins explained that Dominick Castellani had 0.60 acre feet in a water credit account with USCDWUA, and requested that the Association buy it, in accordance with the rules. The price set by the Board in 2007 was \$2,200 per acre-ft. Mr. Castellani was paid \$1320 for his water.

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to accept the February Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that monthly system usage was higher than it should be, by more than a million gallons. It is suspected there is a leak (or leaks) causing the excess usage.

No new taps were sold in January. There were three tap transfers. Jerry Figueroa reported hearing that real estate transactions are very slow, as well as new house construction.

Subdivisions:

Collins Minor - Heaven's View Road (east end of Cedar Mesa): Dan Hawkins distributed copies of a map he had prepared showing the location of pipelines and water meters in relation to the subdivision. He reviewed the USCDWUA motion on the subdivision at the December 15, 2008 Board meeting. In that motion, two taps were committed for the subdivision, provided the developer build all pipeline to the source, and show evidence of easements in which to do so.

Hawkins said two routes have been considered, one which would convert the existing Collins service line to a USCDWUA main line, and one which extends a new pipeline north from the Collins property along Heaven's View Road to intercept the existing main line. He said the problem with upgrading the Collins service line is the easement. There is a ten-foot wide easement

for the service line. Hawkins said he does not consider this adequate for construction of a main line.

Karen Collins told the Board that the refusal to use the existing easement is making the subdivision too expensive. A new main line along Heaven's View road will require about 1,200 feet more pipeline than upgrading the existing service line. She said that Phil and Judy Arona, who own the property crossed by the service line, have refused to grant any more easement. Mrs. Collins said she and her husband are requesting a variance permitting the construction of a main line within the ten-foot easement.

John Hawkins said he thinks a new pipeline along Heaven's View Road is the best solution to the problem because the existing main line crosses the interior of private parcels, and is inaccessible to adjacent properties. He warned of difficulty in obtaining the cooperation of the Aronas to allow construction in a narrow easement, where encroachment outside the easement is impossible to avoid.

Dennis Grunkemeyer said that while a new pipeline is desirable, the budget does not have room for USCDWUA to contribute to its construction. Greg Collins asked why the \$20,000 from two taps could not be applied to a new pipeline. Jerry Figueroa replied that tap fees must be applied to much more than the immediate upgrades required, which is why subdivisions are required to pay for such upgrades.

Dan Hawkins said he did not want the Association to incur any liability that may arise out of attempting to use an inadequate easement, especially when the property owners may not be in favor of the construction. Jerry Figueroa suggested that USCDWUA be removed from the responsibility altogether, and that Collins upgrade the service line as a private project. If, at the conclusion of that project, there are no remaining issues with the property owners, USCDWUA assumes ownership of the line and uses it to serve the Collins Subdivision. Greg Collins said he agreed with this suggestion.

After further discussion, it was

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer that Greg and Karen Collins may upgrade their service line from the main line on the Arona Property to the west side of Heaven's View Road. The upgrade will be done to USCDWUA specifications. Any disputes with other landowners regarding use of the easement, claims of damage, or any other issues are to be settled by Collins. Upon completion and testing of the line, and resolution of any complaints by others arising from the construction, USCDWUA will assume ownership of the line and use it to serve the Collins Subdivision.

MOTION CARRIED Ayes: (6) Lynn Oliver, Ellis Fritchman, Dennis Grunkemeyer, Bryan Klaseen, Herman Kline, Jerry Figueroa. Nays (1) John Hawkins.

Cotten Minor Subdivision - P50 Road, Redlands Mesa : The property to be developed is ½ mile south of the upper Redlands Mesa Tank. Dan Hawkins said he heard about this proposed subdivision from conversations with others. He called Delta County Planning to ask if USCDWUA was to receive a packet about it. Hawkins said he was told that USCDWUA was not on the mailing list because the subdivision proposed to use wells for the water source. Hawkins requested and received an information packet on the subdivision. The sketch shows two wells located on the property.

Hawkins said there is a four-inch pipeline running along P50 Road that is accessible to all three proposed lots in the subdivision. The recently upgraded storage on the upper end of Redlands (new 30,000 gallon tank) makes it possible to serve this subdivision with no degradation of service to anybody else.

The Board consensus was to have the manager write a letter to Delta County Planning advising them that the Association can serve the subdivision, and requesting that the use of well water be denied.

Maintenance/construction

Leak on Rimrock Road on Redlands Mesa: Dan Hawkins reported a blowout in a 4" pipeline at the intersection of Redlands Mesa Road and Rimrock Road. The failure happened at night and drained the lower Redlands Tank down to about 15% of full. The leak was repaired by noon the following day. Only one occupied house was out of service. The Redlands tank refilled over the following two days.

Ongoing water loss: Hawkins gave the Board a graph of system usage over the past three years. The graph shows above average water use over the past month, presumably indicating a leak on the system.

Fire hydrant modification: Hawkins reported that about 25 fire hydrants on the system need to be serviced to correct for bad grease installed at the factory. Parts of the hydrants will need to be replaced, along with new grease. The maker, American Flow Control, will supply the new parts and grease at no charge, and will pay USCDWUA \$40 for each hydrant fixed.

Other:

Dan Hawkins gave each Board member a copy of a proposed agreement between USCDWUA and Leon Lake Ditch and Reservoir Company regarding storage of the Leon siphon. The agreement was drafted by Aaron Clay.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to adopt the Storage Agreement
MOTION CARRIED with no opposing votes. Ellis Fritchman abstained.

Herman Kline asked if there is any progress on refinancing the treatment plant loan. Dan Hawkins said First State Bank of Hotchkiss has offered an adjustable rate loan, which Hawkins said he does not favor. Surface Creek Bank has offered a fixed-rate loan under exactly the same terms as the existing loan, with a balloon payment three years away. Other banks have followed much the same pattern.

Bryan Klaseen suggested trying the Farm Credit Service in Montrose. Jerry Figueroa suggested that he and Dan Hawkins take a trip to Grand Junction to talk to banks there.

Meeting adjourned 8:30 p.m.

Respectfully Submitted



Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
March 9, 2009 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 p.m. Board members present were: Jerry Figueroa, Lynn Oliver, Ellis Fritchman, John Hawkins, Herman Kline, Dennis Grunkemeyer, and Bryan Klaseen. Lawrence MacKendrick was also present.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the minutes of the January 12, 2009 meeting as written and delivered to Board members prior to the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins reported that the purchase of chemical coagulant for \$5,603.08 was for a year's supply of treatment plant operation.

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to accept the February Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that monthly system usage continues to be higher than normal. No new taps were sold in February. There were four tap transfers.

Colorado Health Department Re: HAA violation

Dan Hawkins reported that the latest running annual average (RAA) submitted to the State for haloacetic acid (HAA) is below the maximum contaminant level. Hawkins said he was advised by Emily Clark of the Colorado Health Department that the violation has been lifted. However, a few days after that, a letter was received from another division of the Health Department ordering USCDWUA to correct its HAA violation within 30 days. Hawkins said he believes it was due to a communication problem within the State.

Hawkins said that for the previous year, HAA concentration has dropped steadily. The actions taken so far have been reduction of the chlorine dosage and flushing of dead-end pipelines to keep the water fresh. It will help to install more automated flushing stations at dead ends in the system.

Maintenance/construction

Leak on Ute Trail Road: A leak was repaired on the south side of Ute Trail Road in a four-inch pipeline. The problem was a small hole blown out of a PVC dresser coupling. The fitting has been in the ground about 35 years.

Pump failure at the treatment plant: Dayton Myers was at the treatment plant when the house water pump “went up in smoke” while he was nearby. The house water pump supplies water for drinking, toilet, etc. in the plant. It also supplies water pressure needed for backwashing the Fresno sand filters. Hawkins explained that the pump had several years of intermittent use on it before it was installed in the plant, so the failure was not unreasonable. A spare pump was on hand in the plant, and was changed out in a couple of hours.

System Flushing: Hawkins reported that flushing of the system is underway. It is expected to be completed in a week to 10 days. The schedule is to begin at the top of the system and work down the Surface Creek Valley, across Cedar Mesa, and finishing with Redlands Mesa.

Loan refinance efforts:

Jerry Figueroa reported that he had accompanied Dan Hawkins on visits to two local banks to seek refinancing on the treatment plant loan. Alpine Bank of Delta, and Bank of Colorado, also in Delta both seem to be interested in the loan. Jerry said he is puzzled by the lack of interest by some other banks that have been contacted. It seems as if the economic climate has caused a hesitant attitude toward lending money.

Dan Hawkins reported that Paonia State Bank is willing to simply extend the loan, under its present terms, for another fixed amount of time, presumably three years. Hawkins said the problem is that the 2009 budget forecast for debt service was made under the assumption that the loan would be refinanced, reducing the payments. The budget will not work with the current monthly payment.

Hawkins said he had contacted Farm Credit Service of Montrose at the suggestion of Bryan Klaseen. The manager, Jeff Nelp, initially said they were interested, but later called back to say that the Association did not qualify as an agricultural enterprise, so the loan would be impossible under their rules.

Meeting adjourned 8:30 p.m.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins - Secretary/Treasurer

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
April 13, 2009

Jerry Figueroa called the meeting to order at 7:30 pm. Board members present were: John Hawkins, Jerry Figueroa, Dennis Grunkemeyer, Ellis Fritchman, Lynn Oliver and Herman Kline. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the March 2009 minutes as written and distributed to the Board.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out some adjustments that were made to the checking account. Several checks that were written in the past but have never cleared the bank were taken off the books. Hawkins explained the vehicle expense - a used engine for the Chevy S-10 pickup was purchased and is being installed by Tim Frey.

MOVED BY Jerry Figueroa

SECONDED BY Herman Kline to accept the March Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

No new tap sales occurred in March; there was one transfer. System usage is up, compared to normal, however it dropped sharply at the end of the month after meters were read. Dan Hawkins said several small leaks have been found in customer lines, and a couple of significant leaks on the main system.

Subdivisions:

Nashville Minor, 2600 Road and Cedar Mesa: This is the Melvin Nash property, a 40 acre parcel. A daughter and son-in-law, Mary J. and Gary C. Henry are the developers. The application calls for two lots along the 2600 Road frontage of 7.5 acres each, with the remaining 25 acres denoted as dry pasture. One water tap exists, serving the southern 7.5 acre lot (Lot 1).

Dan Hawkins said Lot 1 is served by a 2-inch pipe coming from the south and ending where the existing meter is. That line could be extended north to the boundary of Lot 2, the second 7.5 acre lot. Hawkins said there is currently no pipeline serving Lot 3, the 25 acre lot. He said that a 4-inch line terminates on the west side of 2600 Road, and could be extended west along the north side of Peach Road to serve Lot 3.

Dennis Grunkemeyer questioned whether the 25-acre lot would need to have a water tap. Other Board members commented that it is still county policy to require a tap for all lots in a subdivision, even if the intent is not to develop it. Dennis said he thought that another neighbor

was interested in purchasing the 25 acres, which adjoins his property. He said the developers should consider a boundary adjustment before subdividing.

Jerry Figueroa said that, even if the 25-acre lot will not be part of the subdivision, a pipeline easement must be obtained along the south side of Lot 1 adjacent to Peach Road for the future.

After further discussion, it was decided to supply comments on the subdivision as it is currently proposed, and that they may be modified if the proposal changes.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to commit two taps for the plan that is represented by the application and sketch plan. The Association will require an easement along the south and east side of the property. The developer will pay for all pipeline construction necessary to serve Lot 2 and Lot 3. For Lot 3, USCDWUA will supply the pipe in order to oversize the line. Taps are to be purchased at the time of approval from Delta County or 6 months from the date of the letter.

MOTION CARRIED with no opposing votes.

Big Buck Minor, Hwy 65 & Ute Trail Road

Dan Hawkins said that the developer, Bill Kissner, already owns three taps for this property. The sketch plan shows a driveway off Ute Trail Road going south about 650 feet to Lot 3. A pipeline will need to be constructed along that driveway to serve the two southern lots, and the Association will need to have adequate easement to accommodate the line. Hawkins said the water source will be a three-inch pipeline on the south side of Ute Trail Road.

Since the taps exist, the Board instructed the manager to inform Delta County of the need for the developer to construct all pipeline for the subdivision, and provide adequate easements.

Cedar Gulch Minor, P50 Road on Redlands Mesa

Dan Hawkins reminded the Board that this subdivision was proposed on the basis of using well water. Hawkins said he and the developer have played phone tag, but have not spoken yet. A letter was sent to Delta County Planning requesting that the subdivision be required to use the available public supply.

Bonita Leyba

Dan Hawkins reported that the Bonita Leyba water tap is locked off because of an unpaid balance of nearly \$500. Ms. Leyba is presently incarcerated and the property is vacant.

Inquiries have been made by Ms. Leyba's sisters, who want to rent or possibly sell the property. There is an extra mobile home on the property, which is not connected to the USCDWUA system, but is served by a cistern. Hawkins said he has long suspected that the cistern was filled through a hose from the main house.

During conversations with the sisters, it was learned that the property is not in the name of Bonita Leyba, but is owned by her father. The tap remains in Bonita Leyba's name. The stock certificate is apparently lost.

The consensus of the board was to leave the tap locked until the problems of property ownership, tap ownership, and status of the extra house are resolved.

Maintenance:

Dan Hawkins reported on several maintenance actions. On the west end of Cedar Mesa at the home of Les Radcliffe, a two-inch brass pipe nipple developed a leak which appeared to be bad metal. Hawkins showed the Board the piece of brass, which had a channel dissolved in it.

The treatment plant had two problems. The new replacement house water pump failed, shortly after being put into service. It appears to be a bad seal. A spare was available and was installed.

Also, one of the filtration skids shut down and would not re-start. By telephone, the Pall service technician diagnosed the problem as a failed PLC (programmable logic controller), without which the skid will not operate. During an hour while the Pall technician conferred with his company about how to fix the problem, Hawkins and Dayton Myers measured the voltage to the PLC, and found that it was not within specifications. The problem was traced to a battery backup unit which keeps the PLC powered during DMEA power outages. The PLC power goes through the battery backup. After the battery backup was removed from the power circuit, the skid operates normally. A new battery backup has been ordered.

Ginter Grove:

Jerry Figueroa reported that several Board members attended an informal meeting with the Ginter Grove Domestic Water Company regarding their inquiry into obtaining water from USCDWUA instead of their present supplier, the Town of Cedaredge. Jerry said that the Association has not yet replied to Ginter Grove, pending a chance to discuss it. Discussion followed, mostly on these points:

1. The need for Ginter Grove members to purchase USCDWUA water taps. This is required by the by-laws. Presumably, those members already purchased taps in the past, most likely from the Town of Cedaredge.
2. The existing service area boundary agreement with the Town of Cedaredge. It would need to be changed, by mutual agreement, to allow USCDWUA to serve Ginter Grove.
3. The need for pipeline upgrade and replacement. The existing USCDWUA pipeline on NE Shady Oak Avenue which comes nearest Ginter Grove is only 2 inch, which would be inadequate. New pipe would need to be run for ½ mile.

A consensus was reached that the Association should write to Ginter Grove making these problems known, and stating that it will not be possible to serve them until acceptable solutions are found.

Bank Loan:

Dan Hawkins presented a proposal from US Bank to refinance the existing treatment plant loan. The proposal authorizes up to \$495 thousand, amortized over a 20 year term. The interest rate of 5.875 per cent will be fixed for five years, at the end of which the balance is paid or refinanced. Hawkins said the debt service for this loan would be within budget.

There was a discussion of whether to make a last attempt to interest two other banks which earlier seemed ready to offer a loan. After learning that over a month has elapsed with no contact from either bank, it was decided to accept the US Bank Proposal.

Dan Hawkins read a resolution (#09-01).

MOVED BY Dennis Grunkemeyer
SECONDED BY Ellis Fritchman to adopt resolution #09-01 and accept US Bank's offer.
MOTION CARRIED with no opposing votes. Six votes aye. One member absent.

State Water Needs Assessment

Dan Hawkins reported that he has participated in 3 studies over the past two years regarding present and future domestic water needs for this area. Each time, the data that was submitted by USCDWUA and other systems was changed at some State level in a way that diminished the needs of Delta County.

The Grand Mesa Water Conservancy District was involved in coordinating the most recent attempt to collect and submit information. Austin Keiser, the president of GMWCD, has written to USDWUA asking if the Association wishes to join in a protest against the latest summary that was returned by the State, which again has reduced the apparent water needs of Delta County.

MOVED BY John Hawkins
SECONDED BY Herman Kline to have Dan write a letter to the Conservancy District, stating that USCDWUA wants to join a protest of the misrepresentation of Delta County's domestic water needs.
MOTION CARRIED with no opposing votes.

Marilyn McDonald:

Dan Hawkins reported an issue concerning property owned by Herman and Marilyn McDonald near the treatment plant. The property has an easement granted for a pipeline connecting the treatment plant with the Milk Creek tank.

Herman McDonald recently passed away. Marilyn McDonald is preparing to sell her property. She has questions about the easement agreement that she and her husband signed which she believes granted her an additional tap. Hawkins said the easement wording does not promise an extra tap. It does promise to reconnect their existing tap to the new pipeline, giving them more pressure. Their previous connection had insufficient pressure, requiring them to pump from a cistern. The meter pit from the old connection is still in place, perhaps leading Mrs. McDonald to believe there are two taps.

Hawkins said USCDWUA fulfilled its obligation to reconnect the McDonald tap to the new pipeline in 2005.

Meeting adjourned 10:15.

Respectfully Submitted: *Dan A. Hawkins*
Dan Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
May 11, 2009

Jerry Figueroa called the meeting to order at 7:37 pm. Board members present were: John Hawkins, Jerry Figueroa, Dennis Grunkemeyer, Ellis Fritchman, Lynn Oliver, Bryan Klaseen and Herman Kline. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Herman Kline to accept the minutes as distributed to the board members.

MOTION CARRIED with no opposing votes.

Financial Report:

Helen Hawkins provided an updated cash flow report for April to correct the previous report that was distributed to the Board.

Dan Hawkins explained the transactions with US Bank and Paonia State bank. The treatment plant loan has been refinanced. Paonia State Bank is paid off, using the new loan from US Bank. The loan amount was \$495,000. The payoff to Paonia was \$481,000. The remainder of the money went toward closing costs, and started a checking account in the Cedaredge branch of US Bank. Hawkins said the checking account at Surface Creek Bank is being kept active, but should probably be closed eventually. It appears that the US Bank checking account can be kept at a lower balance without incurring fees.

Dennis Grunkemeyer asked if the debt service for the new loan will fit the 2009 budget. Hawkins said the total debt service would be about \$9,000 more than budgeted, all of which is principal. He said the budget was based upon refinancing the loan at the beginning of the fiscal year, but the loan was not obtained until five months into the fiscal year. Those five monthly payments to Paonia State Bank accounted for the difference in principal paid.

Hawkins said the process has been started to transfer the employees' Health Savings Accounts to US Bank also. The existing Wells Fargo accounts are difficult to access, as all information is kept in Minneapolis.

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the corrected April 2009 Cash Flow Report.

MOTION CARRIED with no opposing votes.

The Board was given copies of the 2008 CPA Review Report, furnished by Blair and Associates.

EOM Report:

The Board reviewed the End of Month and water usage reports. During April, there was one transfer, and no new taps. No taps have been sold this year.

Subdivisions:

Redlands Ranches, 27582 Redlands Mesa Road Owners Lataweic and Conger

The Board reviewed the sketch plan submitted with the application. The plan shows four lots. Lot 1 contains the existing residence, with an installed water tap. Dan Hawkins said the four-inch main water line is on the north side of Redlands Mesa Road. He said it has enough capacity to serve the three additional taps the subdivision will require.

Options for serving the lots were discussed. One idea was to upgrade the existing road crossing to four inch pipe, and run a new distribution line along the south side of Redlands Mesa road to serve all lots. That was deemed impractical because of the large irrigation lateral (Lawhead Lateral) that runs through the property. It was noted that a 60 foot easement is provided along the west boundary of the property. Eventually, it was generally agreed that the northwest corner of the property would be a good place for a new road crossing, because it would give opportunity to extend a pipeline within the 60 foot easement to serve future growth south of the subdivision, and would also serve Lot 4.

Service to Lot 2 and Lot 3 could possibly be provided from the southeast corner, by connecting to a 2-inch line serving the adjoining Reising property. Alternately, another crossing of Redlands Mesa Road could be made at the boundary between Lot 2 and Lot 3. It was agreed that alternate plans could be discussed with the developer as the application progresses.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to provide three water taps for the Redlands Ranches Subdivision, subject to the standard time limit, and to leave open two options for serving Lot 2 and Lot 3

MOTION CARRIED with no opposing votes.

Summit View, 985 NE Shady Oak Avenue Owners Virginia and Alex Gilmore

Dan Hawkins reported that this subdivision calls for two lots. Each lot has a house and a water tap installed. The subdivision is formalizing what is already there. Both water meters are located at the north edge of the north lot along Shady Oak Avenue. Hawkins said Lot 1 has two earth houses on it. One serves as a residence, the other is apparently for storage. The Board agreed that written comments should be submitted, reminding the developer of the one tap/one house rule.

Hidden Mesa, between Redlands and Highway 92

Dan Hawkins said that this is not a proposed subdivision yet, but questions about water service have been asked about the Bud Burgess property which involves Hidden Mesa (Coffee Mesa) along with about 1000 acres between Highway 92 and the southwest end of Redlands Mesa. Realtor Dave Mitchell has asked:

1. Can a third tap be purchased to serve a future factory located along the railroad tracks near Highway 92?

2. If not, can one of the taps on Hidden Mesa be relocated to serve a future factory along the railroad track?
3. If not, can a private line be installed from one of the taps on Hidden Mesa to a future factory along the railroad track?

Hawkins said the type of factory is not being disclosed. The water would only be used for rest rooms, washing, drinking, etc., for a work force of 30-40 people. There would be no water used in manufacturing processes.

Bryan Klaseen said the Association has already refused domestic water in that area, both to the Shea Subdivision and to parcels along Payne Siding Road. John Hawkins also said that a request from Mr. Maxwell who lives along the railroad track, had been denied.

Ellis Fritchman said the property would immediately be subdivided if a domestic water source was provided. He said he is concerned about water quality so far from the treatment plant.

After further discussion about the established service boundary, and the issues of water quality likely to result due to the long distance involved, it was

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to write a letter stating that we can not serve that area due to potential water quality issues, and a desire to remain within existing boundaries.

MOTION CARRIED no opposing votes.

Leaks

Redlands Mesa: Dan Hawkins reported that near the meter of Doug Christner, a two-inch PVC cap on the end of the main line split open. After that was repaired, a leak developed in the meter yoke, probably unrelated to the main line leak.

Harts Basin Line : Hawkins reported that a leak developed a few hundred feet east of the Mann Rowley tap on North Road. Two days after the leak was repaired, water came to the surface again nearby. Two more leaks were found, requiring the replacement of a 12-foot piece of pipe. Hawkins said the 1" galvanized pipeline is undergoing severe corrosion due to its age of nearly 50 years and the wet alkaline soil at that location.

Chevy S-10 pickup

Dan Hawkins praised the efforts of Tim Frey, who located and picked up a used engine and installed it in the S-10 mostly by himself. The pickup is running well and getting a lot of use.

Burfiend Meter

Dan Hawkins reported that the property of Lee Burfiend, with two taps and two houses, had the meters connected improperly. One of the meters was found to be measuring the total usage of both houses. A former tenant, Mr. Lee Martin, had been overbilled several times during the 13 years he lived on the property. Hawkins said Mr. Martin has moved out, but now lives in Cedaredge. Hawkins said he intends to locate Mr. Martin and refund the \$62.44 that was incorrectly billed. The meters will be dug up and reconnected, one to each house.

Brian McPherson Peach Road

Dan Hawkins reported that the meter for Brian McPherson as been disconnected from the 1 inch galvanized line on the south side of McPherson Road, and reconnected to a four inch PVC line on the north side. The road was crossed by boring and installing a sleeve for the copper service line.

Treatment Plant Maintenance:

The treatment plant has been unable to use chlorine dioxide this year due to a failure of the analytical instrument that measures chlorine dioxide and chlorite residuals in the water. The instrument, called an amperometric titrator, is made by Hach Corporation, based in Loveland, Colorado. Dan Hawkins said that Dayton Myers has experienced delays and poor technical support while trying to get the problem resolved. Hawkins said the company has a history of charging very high prices for repair parts. Unfortunately, Hach is apparently the only maker of this instrument. So far, more than \$600 has been spent in replacing parts as recommended by Hach. Since nothing has worked, the device is being returned to Hach for repair. A loaner instrument will be provided by Hach, but at a fee of \$250.

Other

Dan Hawkins said he will present a budget review at the June meeting, which will be the halfway point in the fiscal year. Jerry Figueroa requested that a report of pending subdivision tap sales be provided also.

Meeting adjourned 9:00 pm.

Respectfully Submitted: *Dan A. Hawkins*
Dan Hawkins, Secretary

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
June 8, 2009

Jerry Figueroa called the meeting to order at 7:40 p.m. Board members present were: John Hawkins, Jerry Figueroa, Dennis Grunkemeyer, Ellis Fritchman, Lynn Oliver, Bryan Klaseen and Herman Kline. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

Bryan Klaseen pointed out a misspelling of Doug Christner's name.

MOVED BY Dennis Grunkemeyer

SECONDED BY Herman Kline to accept the May 11 Minutes as corrected

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the corrected May 2009 Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report showed no new taps sold in May. There were four taps transferred. The system used 11,327,000 gallons, which was an increase over the same month a year ago.

Bank Business:

Dan Hawkins reported that Paonia State Bank has returned the water stock certificates that were held as collateral. US Bank is using the water stock as collateral for the new loan, but is not taking possession of these stock certificates.

Hawkins also reported that the Surface Creek Bank CD matured on May 30. A new CD was started at Surface Creek Bank in the amount of \$50,000. A money market savings account with unlimited withdrawals was started at US Bank, in the amount of \$49,000

Hawkins said Health Savings Accounts were transferred from Wells Fargo to US Bank.

Subdivisions:

Dan Hawkins gave the Board members a summary of the existing tap commitments for proposed subdivisions. There are currently 7 active tap commitments which have not yet been purchased. There are 7 expired commitments with no taps purchased and no request for extension of time. There are 19 taps covered by development agreements for phased subdivisions.

Water Needs Assessment:

The Board reviewed copies of the final needs assessment report submitted by the various public domestic water systems in the Surface Creek area, and summarized by Austin Keiser of Grand Mesa Conservancy District. Dan Hawkins pointed out that USCDWUA has the lowest water consumption per capita per day of any of the systems. The report shows that USCDWUA will require 403 acre feet of additional water to serve expected growth by the year 2035.

Leaks

Q 25 Road : A slipped dresser coupling at the site of a previous repair.

Milk Creek Tank: The west leg (steel line) immediately below the tank was laid across the corner of a large rock, creating a hole. A compressor and jackhammer were rented to break up the top of the rock to make room for the repair.

Minor Meter Pit Repairs: There were a number of minor meter pit repairs, and customer-side leaks.

Water Treatment Problems:

Dan Hawkins reported that a lab instrument called a titrator has failed at the treatment plant. It is used every day to measure chlorine dioxide and chlorite. A loaner instrument was obtained from the manufacturer, Hach company, and the failed one was sent back for repair. The company reported that it is not repairable, and that a new one will have to be purchased, at a cost of \$3,700. Hawkins said the warranty has expired, and that Hach is the only known manufacturer of such an instrument.

Phil Tourney Transfer:

The Tourney property was foreclosed and sold at auction several months ago. Since then, many different agencies have been working to get the water tap transferred. The problem seems to be that nobody will pay for a lost document bond.

Financial Review:

Dennis Grunkemeyer brought up a discussion on whether or not the company should have an audit as written in the by-laws. There was much discussion concerning this. John Hawkins pointed out that at the time the by-laws were written, audits were conducted like financial reviews. It would probably cost more to have an audit. The Manager was instructed to get some professional advice on the interpretation of the bylaws.

Budget:

Dan Hawkins presented a mid-year budget progress report. Several items are over budget. The board discussed the fact that we have not sold any taps.

Meeting adjourned 9:25 pm

Respectfully Submitted: 
Dan Hawkins, Secretary-Treasurer

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
July 13, 2009

Jerry Figueroa called the meeting to order at 7:40 pm. Board members present were: John Hawkins, Jerry Figueroa, Ellis Fritchman, Lynn Oliver and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins, Lawrence MacKendrick, Dave Mitchell and Bruce Ilovdc.

Minutes:

MOVED BY Lynn Oliver
SECONDED BY Ellis Fritchman to accept the June 2009 minutes as written and distributed to the board members.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Lynn Oliver
SECONDED BY Ellis Fritchman to accept the corrected May 2009 Cash Flow Report and the June 2009 Cash Flow.
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report showed that no taps were sold in June, and that no taps have been sold at all this year. System water use was less than June of the previous year, and less than May of this year. The reduced demand was believed to be due to cool and wet weather in June.

Subdivisions:

Dave Mitchell, representing Steve Conger and Katarzyna Lataweic, discussed the Redlands Mesa Ranches, a four-lot subdivision on Redlands Mesa Road at 2750 Road. This subdivision had previously been considered by the Board, and comments were submitted to Delta County. Mr. Mitchell explained how the subdivision was progressing, and asked for a change from the original USCDWUA suggestion to make a road crossing for Lot 4 at the west line of the lot.

There was a discussion as to where a road bore should take place. Dan Hawkins suggested that the bore would be easy to do where there is already a service line for the existing house. A fire hydrant could be installed on the south side of the road, and a 2-inch line run west to the line for Lot 4.

Mr. Mitchell said that he is attempting to persuade Delta County to allow the sale of one lot, and use the proceeds to fund development of the remaining lots. If this is approved, USCDWUA would receive money for all pipeline improvements at the time of closing, which is expected at some time in August. Dan Hawkins said he will write up an estimate of the cost of domestic water service for the subdivision.

MOVED BY Jerry Figueroa

SECONDED BY Ellis Fritchman to reaffirm the commitment of three taps for the Redlands Mesa Ranches Subdivision. The water source will be the four-inch main line on the north side of Redlands Mesa Road. A road crossing is to be made at the present location of the service line to Lot 1. A fire hydrant will be installed on the south side of Redlands Mesa Road. A two-inch line will be installed from the fire hydrant west to Lot 4. A second road crossing will be made at the line between Lot 2 and Lot 3.

MOTION CARRIED with no opposing votes.

CPA Review/Audit

This issue was tabled.

Well Permit Issues

Jerry Figueroa invited Delta County Commissioner Bruce Hovde to join in a discussion of the problem of water wells drilled within the USCDWUA service area. He gave Mr. Hovde and the Board members copies of the past correspondence from USCDWUA to the Division of Water Resources regarding well permits, along with copies of a well permit recently issued to Brian McPherson, and a draft of a proposed letter to the Division expressing the Association's blanket opposition to well permits within our service area.

Jerry explained to Mr. Hovde that the proliferation of subdivisions presents the Association with problems that are costly to deal with, and that the viability of the public water system is threatened if wells are allowed to compete as an alternative water source. Among the problems identified were:

- Potential cross-connection between a well and the public system
- The increasing demand for fire protection, which calls for larger line sizes resulting in degraded water quality
- The ever-increasing cost of building and operating a public system.

Mr. Hovde assured the Board that it is County policy to deny subdivisions using well water when a public supply is available. He gave the example of the Kent Cotton Subdivision on Redlands Mesa, which has an existing well on the property, but the County denied the application to use the well as a water supply. Mr. Hovde said, however, that he is reluctant to impose a blanket prohibition of wells, preferring to allow the County some flexibility in making exceptions. He recounted a complaint made to him by Jim Kidd, who said he had built a long four-inch water line to serve his tap, which can now be used by other USCDWUA members. Dan Hawkins corrected the story, saying that the Association split the cost of the pipeline with Mr. Kidd.

It was agreed with Mr. Hovde that more discussion is needed, among all public water systems, well drillers, fire fighters, and public officials.

Maintenance/Construction

Treatment Plant: Dan Hawkins reported that a new analytical instrument, called an amperometric titrator, has been purchased for the treatment plant. The titrator replaces the one that failed recently, as reported at the June meeting. The plant has been operating with a loaner instrument in the meantime.

Hawkins said there has been an ongoing problem with intermittent failure of a PLC (computer) on one of the Pall skids at the treatment plant. This results in a partial shutdown of the plant, often requiring hours to overcome.

Assistance was sought from Pall Corporation, but the process became cumbersome because the Pall technician in Denver who set up the plant is no longer available. Mountain Peak Controls, a company in Golden, Colorado, has a technician living in Paonia who is familiar with the type of PLC in our plant. He was able to find and correct a loose connection, but it is not certain this was the entire problem. He has recommended a spare PLC with associated accessories, for a quoted price of \$1,900.

Wilbanks Mesa: Dan Hawkins said that two taps on Wilbanks Mesa have had occasional water outages. The problem is that a 2000-gallon storage tank on a hillside above the taps is not filling at night when it is expected to. The taps are being supplied temporarily using the Association's 550-gallon tank and pressure pump kept on a trailer and refilled from a nearby fire hydrant.

Problem Transfers

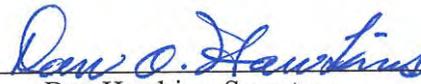
Phil Tourney transfer: This was recently finally completed. The buyer hired Aaron Clay to help with the problems. All company requirements were met.

Elaine Rabideaux/Diana Colburn: The property at 24816 T75 Road, belonging to Elaine Rabideaux, was transferred to Diana Colburn. However, the water tap was not transferred. Mrs. Rabideaux retained a "life interest" in the house. Aaron Clay, the attorney for Diana Colburn, says the life interest means that Rabideaux retains all rights to use and occupy the house while she is alive. That includes the water tap. Upon her death, the house and tap go to Colburn.

The parties are now involved in a dispute. Rabideaux is working to rescind the rights of Colburn, while Colburn is claiming ownership of the tap. Dan Hawkins said he can see problems with transferring the tap unless both parties cooperate with company procedures. The Board generally agreed that a court order may be required to allow a transfer.

Adjourned 9:30

Respectfully Submitted:


Dan Hawkins, Secretary

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
August 10, 2009

Herman Kline called the meeting to order at 7:40 pm. Board members present were: John Hawkins, Dennis Grunkemeyer, Ellis Fritchman, Lynn Oliver, Bryan Klaseen and Herman Kline. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Lynn Oliver
SECONDED BY John Hawkins that the minutes of the previous Board meeting be approved as written and distributed before the meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins answered several questions concerning the July cash flow report. Repairs were done to the S-10 pickup, which had a leaking axle seal. A communication failure occurred inside the treatment plant at night, requiring a service call from Mountain Peak Controls.

Helen Hawkins pointed out that the past due accounts list is growing. Several taps are currently locked off, representing about \$7,150. Others are expected to be turned off in the coming few weeks.

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept July Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

No new taps were sold in the month of July. Only one transfer was made. Dan Hawkins said there is optimism that the Redlands Mesa Ranches Subdivision will produce three tap sales this year, but the process is going slowly.

Zane Kunkel Well Request:

Dan Hawkins gave the Board members a map showing property owned by Zane Kunkel in the Dry Creek valley. The forty-acre parcel is situated at the base of Redlands Mesa one-half mile east of the intersection of Rimrock Road and Cedar Mesa Road. The closest USCDWUA supply line that is accessible is located at the Paul Thompson tap. It would require 3500 feet of pipeline to be constructed.

Mr. Kunkel has asked if USCDWUA can supply a tap, and also if a well would be opposed. After considerable discussion, it was

MOVED BY Bryan Klaseen
SECONDED BY Lynn Oliver that USCDWUA can provide a tap but the landowner will have to build the necessary pipeline to connect to the main.
MOTION CARRIED with no opposing votes.

Meetings of Interest:

Dan Hawkins announced two upcoming meetings of interest to USCDWUA. The first is August 18, 10:00 am. at Delta County Court house. It will involve the County Commissioners, County Planner, and area domestic water systems. It was instigated by Coalby Domestic Water, and is for discussion of a consistent approach to subdivisions by water providers.

The second meeting is August 26 at the Cedaredge Community Center. It is to begin the process of arriving at a source water protection plan. All area water systems are invited.

CPA Review/Audit Question:

Dan Hawkins reported that attorney Aaron Clay advised him that the interpretation of the word "audit" in the bylaws is up to the board. Mr. Clay said the current practice of using a CPA review fulfills the intent of the bylaws. Hawkins said CPA Pete Blair estimated the cost of an audit, defined as the next step beyond a review, would be about \$5,500.00, roughly twice the cost of a review.

Maintenance/Construction:

Wilbanks Mesa solution: Dan Hawkins reviewed the problem, which is that the Wilbanks Mesa tank does not fill as intended. This leaves two taps without water. Hawkins gave the Board members a map and sketch of the area. He said the simplest solution is to install a small solar powered pump near the residence of Kay Gloria. The cost of the pump and solar collector panel is approximately \$2,000. Hawkins said the equipment has been ordered.

Hawkins reported that the 2,000-gallon steel tank is in poor condition. Both the interior and exterior are badly rusted. A quotation has been received from Hosea Richards excavating to replace the tank with a buried concrete cistern, and at the same time replace 400 feet of 3/4-inch black plastic pipe with larger sized PVC. The quote, including the cistern, is \$4,700.

After discussion, the question of whether to replace the tank and pipeline was tabled.

Other:

Nina Proios requested in writing to extend the commitment of two water taps for her Red Rocks Minor Subdivision, located in Cactus Park.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to extend the commitment for six months.

MOTION CARRIED with no opposing votes.

Meeting adjourned: 9:00

Respectfully submitted *Dan A. Hawkins*
Dan A. Hawkins, Secretary - Treasurer

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
September 14, 2009

Jerry Figueroa called the meeting to order at 7:40 pm. Board members present were: John Hawkins, Jerry Figueroa, Ellis Fritchman, Lynn Oliver, Dennis Grunkemeyer and Bryan Klaseen. Also present were Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the August 2009 Minutes as written and mailed to the board before the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

Helen Hawkins reported a correction to the Interest Paid (\$ 2,492.00) and Principal Paid (\$1,050.64) on the US Bank loan.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the August 2009 Cash Flow Report as corrected.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that no taps were sold in August, and no taps have been sold this year. There is a possibility that one or more taps may be purchased this month for the Redlands Mesa Ranches Subdivision.

Subdivisions:

Redlands Mesa Ranches: Dan Hawkins reported that Delta County has approved the sale of one lot (lot 2) in the subdivision, and that money is to be placed in escrow to cover the cost of two more taps and pipeline construction. A pipeline has been bored under the county road to serve lots 2 and 3. The USCDWUA cost for this is approximately \$500, to be paid upon the sale of Lot 2.

August Meetings:

August 18, 2009 : Dan Hawkins reported that this meeting was held at the Delta County Courthouse. Attending were Commissioners Bruce Hovde and Olen Lund, Barbara Ball and Erik Sowell from County Planning, Don Suppes from Orchard City, Austin Keiser and Dan Hawkins. The meeting was requested by Dawn Sudmeier of the Coalby Domestic water system, however she did not attend. Curtis McCracken of Coalby arrived during the meeting.

The concern of Mr. McCracken was to define the definition of a water tap as required to be purchased by developers for subdivision lots. He requested that the County either require a physically installed tap, or at least have the installation fee paid before the subdivision is finalized. He said that an unpaid installation fee often becomes a hidden cost for the buyer.

Dan Hawkins said it is preferred by USCDWUA to charge the installation fee at the actual time of installation, so that the fee is current with the material and labor cost. It was suggested that an increased fee could be charged for meters that will be installed at some unspecified time in the future.

The Commissioners and representatives from County Planning said they would look into making a policy change.

August 26, 2009: Colorado Rural Water Association (CRWA) is helping small water systems develop source water assessment and protection plans. Such plans are a legal requirement of the State of Colorado. The CRWA representative is Colleen Williams, who has facilitated several such plans around the state.

The meeting was attended by all water providers using the south side of Grand Mesa as their water source. The initial meeting was to gather information about the systems, which entities wish to participate, and to schedule future meetings.

A grant of \$5,000 is available from the State to use in implementing the plan (education, publicity, signage, etc). It was agreed that the Town of Cedaredge will apply for the grant.

Maintenance/Construction:

Dan Hawkins reported that the Wilbanks Mesa solar powered pump is installed and operating. An insulated box is being built to enclose the pump.

Hawkins reported two pipeline breaks. A coupling on a 2" line along Hanson Road split on a Sunday afternoon. The repair was completed just before dark. The second break occurred the following Monday, when a backhoe severed a 4" line on Coyote Run Road. The backhoe operator was digging a hole for a gate post.

Zane Kunkel Well Request:

Dan Hawkins said Zane Kunkel has requested a letter of no opposition regarding a water well permit in Dry Creek. The property was discussed at the August meeting. It lies about ½ mile west of the main line on Rimrock Road.

Jerry Figueroa said he previously wanted to get more involved with forcing the state to reject well permits, but he has reconsidered his position. John Hawkins said he is opposed to writing any sort of letter that directly addresses a well permit. He feels the Association's responsibility is limited to advising whether a property can be served by USCDWUA or not.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klasen that USCDWUA is to avoid writing letters in support of or opposition to well permits. Letters shall concern the Association's ability to provide water, the location of main lines, and the actions necessary to connect to the system.

MOTION CARRIED with no opposing votes.

Adjourned 9:30

Respectively Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
October 12, 2009

Jerry Figueroa called the meeting to order at 6:30 pm. Board members present were: Jerry Figueroa, John Hawkins, Dennis Grunkemeyer, Ellis Fritchman, Lynn Oliver, Bryan Klaseen and Herman Kline. Also present were Dan Hawkins, Helen Hawkins, David Koos, Ardon Barnes, Mike Miller and Bill Miller.

Minutes:

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the September 2009 minutes as written and mailed to the board.

MOTION CARRIED with no opposing votes.

Financial Report:

Dennis Grunkemeyer asked how the evaluation of the Association's water ownership is done. Dan Hawkins said it is based upon the actual cost, but in the case of water provided by new tap buyers, it is based on \$2,200 per acre-foot.

Jerry Figueroa asked if the Association has a tank for off road diesel. Dan Hawkins answered that there is a 150-gallon tank outside the shop.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept the October Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that one tap was sold for Lot 2 of the Redlands Mesa Ranches Subdivision. He also said that about one million gallons more water was used by the system in September than for the same month last year.

Subdivisions:

Redlands Mesa Ranches: Dan Hawkins reported that progress is being made toward completion. The County allowed one lot to be sold in advance of completing all the required infrastructure. It is presumed the first to be sold will be Lot 2, but the requirement is to pay USCDWUA for all remaining water taps and the required water line extensions upon the closing of any lot.

Greg Collins Subdivision: Hawkins reported that disagreements between neighbors which had stalled the subdivision appear to have been resolved. Work is scheduled to begin within the coming weeks, consisting of about 700 feet of new two-inch water line. Two taps are to be purchased and installed.

"Cedaredge Subdivision:" Bill Miller and Mike Miller of MM&D Engineering represented the owner Chuck Schwartz. Bill Miller distributed to the Board his preliminary design for the subdivision. He said the name "Cedaredge Subdivision" is a working name, and may become something different.

Mr. Miller explained that the property, of about 46 acres, is on the west slope of Cedar Mesa looking down on the Rodeo Grounds and adjacent area. The entrance will be along the Cedar Mesa grade, where there is now an unused dirt road. The road will extend northeast 2200 feet, terminating in a cul-de-sac. Fifteen lots are proposed, occupying both sides of the road.

Mr. Miller said that an application has not yet been filed with Delta County, and he wanted to get input from USCDWUA before doing so. Dan Hawkins said the available water flow for firefighting will not meet the recommendations of the fire district, and that this disclaimer is typically made in a letter to the County.

Mr. Miller said the owner is aware of the cost of taps, and of the requirement to provide one acre-foot of water. He said a phased development will most likely be proposed. After further discussion the Millers left the meeting.

David Koos and Ardon Barnes: Pine Ridge North: Mr. Koos addressed the Board, asking for a revision to the development agreement previously executed with the Association. The agreement calls for the purchase of one new water tap designated for Phase Two each time a lot is sold in Phase One. Mr. Koos said no lots have sold in Phase One, which was completed a year ago. He asked that the Association waive the requirement to buy taps until three lots have sold in Phase One. Dan Hawkins verified that all taps for Phase One have been purchased and are installed.

Discussion reflected a general agreement among the Board that the proposal was acceptable. It was suggested that a time limit be imposed for the purchase of the Phase Two taps after Phase One is sold out. Six months was generally accepted.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer that the Manager is to rewrite the Development agreement with Pine Ridge North Ventures, Inc. allowing deferral of tap purchase for Phase Two until three lots have been sold in Phase One.

MOTION CARRIED with no opposing votes.

Kent Cotton: Dan Hawkins reported that Kent Cotton has contacted him regarding his proposed subdivision on the south side of P50 Road, Redlands Mesa. The subdivision was originally proposed to use water wells. The Association advised Delta County that domestic water was available to the property, and the County subsequently denied the subdivision, instructing Mr. Cotton to use the public supply. Hawkins said Mr. Cotton has recently contacted him proposing a walk-through of the property and to begin the process of buying taps.

Nashville, 2600 and P Road: This has been reduced to two lots through a boundary adjustment. One tap is expected to be purchased soon. The other lot has a tap.

“Cedaredge Subdivision” continued: Discussion focused on the need to upgrade three miles of 4” steel pipeline along Surface Creek Road and paralleling Surface Creek. The 1960 pipeline is part of the supply for the subdivision. Dan Hawkins estimated the upgrade will cost \$100,000 per mile.

Ellis Fritchman said he is opposed to demanding that developers pay for pipeline upgrades remote from the subdivision when the pipes need replaced anyway due to age and undersize. Other Board members argued that it is appropriate to ask a for-profit enterprise to contribute, rather than have existing shareholders bear the burden. After lengthy discussion, it was

MOVED BY John Hawkins to supply water to the “Cedaredge Subdivision” on condition that the developer make a \$50,000 Member's Contribution to Capital Improvements for the purpose of upgrading the supply line to the subdivision.
MOTION DIED for lack of a second.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to supply water to the “Cedaredge Subdivision,” on condition that a contribution to capital improvements is negotiated. The Manager is to write a letter with the usual stipulations applied to subdivisions, and ask for a second meeting to negotiate the contribution.
MOTION CARRIED with five in favor, Ellis Fritchman and Jerry Figueroa opposed.

Laverne Etter:

In 2008, Laverne and Betty Etter entered into a Lease-Option Agreement with USCDWUA for one share of Surface Creek Ditch and Reservoir. The Etters have written to the Board asking that the agreement be terminated.

Dennis Grunkemeyer said that the purpose for maintaining a pool of available water is courtesy and convenience to new tap buyers. There should be no problem with terminating the agreement at the request of the water owner. Other Board members agreed.

MOVED BY Dennis Grunkemeyer
SECONDED BY Ellis Fritchman to accept his request.
MOTION CARRIED with no opposition

Leon Lake Water:

Dan Hawkins said he was approached by Mary Ann Hennessy, representing the owner of 40 shares of Leon Lake. Ms. Hennessy said she is offering the water to USCDWUA before any other potential buyers. The price is \$1250 per share.

Jerry Figueroa said Leon Lake shares have sold in recent years for nearly three times that price. There was long discussion whether the budget would allow for the

expense. Finally, it was agreed that the water is a valuable asset, and the price is attractive enough to warrant the purchase.

MOVED BY Jerry Figueroa
SECONDED BY John Hawkins to buy 40 shares of Leon Lake water.
MOTION CARRIED with no opposition.

Wilbanks Tank:

Dan Hawkins asked the Board to consider replacement of the Wilbanks Mesa Tank, an issue that was tabled at previous meetings. The existing steel tank is rusted and leaning slightly sideways. Hawkins suggested replacing it with a buried concrete cistern, precast in Olathe and delivered to the site.

Hosea Richards Excavating has supplied a quote for the job, including the tank, of \$4,700. The quote also includes replacing about 450 feet of 3/4" black plastic pipe which supplies the tank. USCDWUA would supply the pipe, providing a larger diameter. USCDWUA would also supply the valves and fittings to connect and control the tank.

MOVED BY Jerry Figueroa
SECONDED BY Herman Kline to replace the tank, valves, and 450 feet of pipe at Wilbanks Mesa.
MOTION CARRIED with no opposition

Meeting adjourned: 10:00

Respectfully submitted 
Dan A. Hawkins, Secretary

Upper Surface Creek Domestic Water
Users Association
Board of Directors Meeting
November 15, 2009

Jerry Figueroa called the meeting to order at 6:31 pm. Board members present were: John Hawkins, Herman Kline, Jerry Figueroa, Ellis Fritchman, Lynn Oliver, Dennis Grunkemeyer and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the minutes as written and mailed to the board.
MOTION CARRIED with no opposing votes.

Financial Report:

There was a discussion of the purchase of bulk diesel, which Dan Hawkins explained was for the generator at the treatment plant and for the backhoe supply tank at the shop. Hawkins also pointed out the purchase of Leon Lake shares from Harold Warth.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to accept the Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

The board reviewed the End of Month Report for October. Two new taps were purchased by Greg Collins for the Collins Minor Subdivision.

Treatment Plant

Dan Hawkins reported that he invited Bill Miller of MM&D Engineering to tour the treatment plant recently. The purpose was to satisfy a State Health Department request for an engineers report on the progress toward mitigating disinfection byproducts and lead. Mr. Miller referred us to his associate engineer, Newell Wright. Mr. Wright has also toured the plant and is working on a report.

Subdivisions:

Redlands Mesa Ranches: Dan Hawkins reported that one lot has sold, and from the proceeds, USCDWUA has been paid for two taps, plus the pipeline extension costs. We are waiting for membership applications from the owner to issue the two taps.

Schwartz Cedaredge Subdivision: Hawkins reported that a letter was sent to Bill Miller of MM&D Engineering, who is the owners representative. The letter included an

invitation to meet with the Board to negotiate a contribution toward pipeline upgrades. No reply has been received yet.

Collins Subdivision: Hawkins reported that 750 feet of two-inch pipeline was constructed, two meters installed, and the existing Collins meter was relocated to the new pipeline. A solar powered automatic flushing station was installed at the end of the new pipeline.

Maintenance/Construction

The Wilbanks Mesa project is planned to be completed in November. The 2000 gallon steel tank which has been in service since 1960 will be replaced by a 2000 gallon cement underground tank. Also, about 450 feet of pipeline feeding the tank will be replaced. Jose Richards Excavating is the contractor.

Three pipeline leaks were experienced on three consecutive days: (1) A two-inch line serving Jan Greene on Cactus Park Road pulled apart on a hillside. (2) A four-inch line split at 1:00 am just west of the intersection of 2600 Road and Cedar Mesa Road. (3) An unused section of one-inch galvanized pipe began leaking near the west intersection of Cactus Park Road and Cedar Mesa Road. Since the line no longer serves any tap, it was cut and capped at the Bob Nicodemus tap rather than patch the unused section.

Proposed Budget

Dan Hawkins presented an estimate of the cash flow for fiscal year 2009, and a preliminary 2010 budget. It appears that the Association can continue to operate for the next year with the existing rate structure.

This year, terms expire for Bryan Klaseen, Lynn Oliver, Dennis Grunkemeyer, and Ellis Fritchman. Those directors agreed to stand for re-election. John Hawkins said this will be his last year of service as a director.

Meeting adjourned 8:30 pm.

Respectively Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
December 10, 2009 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 pm. Board members present were: Herman Kline, Lynn Oliver, Jerry Figueroa, Dennis Grunkemeyer, John Hawkins, Bryan Klaseen and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins, Lawrence MacKendrick and David Fernandez.

Minutes:

Dennis Grunkemeyer pointed out that the minutes incorrectly listed him as present at the previous meeting; in fact he had been unable to attend.

MOVED BY Ellis Fritchman
SECONDED BY Herman Kline to accept the November 15, 2009 minutes as corrected.
MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Lynn Oliver
SECONDED BY Dennis Grunkemeyer to accept the November 2009 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that three taps were purchased in November. Gary and Mary Jane Henry purchased one for Nashville Subdivision, and Steven Conger and Katarzyna Latawic purchased two for Redlands Ranches Subdivision. The total number of taps sold in fiscal year 2009 was six.

Betsy Fernandez request to move water tap:

David Fernandez came to represent his wife Betsy Fernandez. Mrs. Fernandez owns a water tap, which was purchased in 2004, on property which is jointly owned between Mrs. Fernandez and her parents, Rock and Winona Keim. Mrs. Fernandez plans to deed her share of the property to the Keims. There is also another tap on the property, owned by the Keims. Both the Keim tap and the Fernandez tap are installed, but the Fernandez tap is not currently in use.

Mr. Fernandez asked what the options are regarding the water tap. He said he would prefer to sell the tap away from the property, or transfer the tap back to USCDWUA.

Jerry Figueroa suggested that Fernandez attempt to work out an agreement for compensation from the Keims and transfer the tap to them. He explained that the bylaws do not allow moving taps away from the property, and that taps are not bought back by USCDWUA once they are issued.

John Hawkins said the Association is obligated to keep the tap where it is installed. He said that in poor economic times, there may be many members who would like to dispose of taps or switch their locations. Dennis Grunkemeyer agreed, saying the bylaws need to be followed.

Although there was further discussion, no action was taken to permit moving the tap.

Subdivisions:

Redlands Ranches: Dan Hawkins reported that all cost of pipeline materials required for the

subdivision have been paid, and that all taps have been purchased. The excavation contractor hired by the owner delayed starting until weather and ground conditions made it impossible to continue. Hawkins called a halt to the project. The work remaining consists of connecting to the main line on the north side of Redlands Mesa Road, and the installation of a fire hydrant.

Wilbanks Mesa Tank and pipeline: Dan Hawkins reported that a 2,000 gallon buried concrete cistern was installed, replacing the old steel tank. Also, 450 feet of new 1 ½ - inch pipeline was installed, replacing the 3/4" ABS plastic supply line to the tank. The work was done by Hosea Richards Excavation. The cost was slightly over \$5,000.

Hawkins said that the overflow pipe from the cistern was not reconnected to a pipe belonging to Beth Meyer, as was the case with the old steel tank. It is not expected that there will be enough overflow to be of beneficial use to Ms. Meyer. However, if it becomes an issue, it can be addressed next spring.

Budget 2010:

The Board and Manager reviewed the proposed budget line-by-line. There were no changes recommended.

MOVED BY Dennis Grunkemeyer

SECONDED BY John Hawkins to propose this budget for the shareholders.

MOTION CARRIED with no opposing votes.

Annual Meeting preparation

The Board members up for re-election:

Bryan Klaseen - Redlands Mesa
Dennis Grunkemeyer - Cedar Mesa
Lynn Oliver - Surface Creek
Ellis Fritchman - Member at large

Herman Kline said Bonnie is not able to bake cookies for the meeting this year. It was agreed to purchase them from the grocery store.

Meeting adjourned 7:00 pm.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary-Treasurer

**Upper Surface Creek Domestic
Water Users Association**

Minutes of Organizational Meeting
December 15, 2009

President Gerald Figueroa called the meeting to order at 8:30 pm at the Community Center, Cedaredge, Colorado. He stated the purpose of the meeting was to elect officers for fiscal year 2010. After discussion, it was

MOVED BY Brian Klaseen

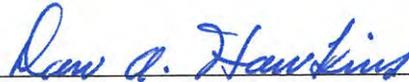
SECONDED BY Lynn Oliver that to retain Gerald Figueroa as President, Herman Kline as Vice President, and to appoint Dan Hawkins as Secretary-Treasurer/ Manager.

MOTION CARRIED by unanimous voice vote.

The annual company dinner was discussed. Dennis Grunkemeyer said he will be away January 8-14. The alternate dates of January 5th and 7th were settled upon. The Manager was instructed to make arrangements.

Meeting adjourned at 8:45 pm.

Respectfully Submitted



Dan Hawkins, Secretary

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
January 2010 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 pm. Board members present were Lynn Oliver, Jerry Figueroa, John Hawkins and Ellis Fritchman. Others present were Dan Hawkins, Helen Hawkins, and Lawrence MacKendrick.

Minutes:

MOVED BY Lynn Oliver
SECONDED BY Ellis Fritchman to accept the minutes for the December 10, 2009 Board Meeting and December 15, 2009 Organizational Meeting.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the payments for insurance (vehicle, property and general liability annual premium) and the annual loan payment to CWCB.

MOVED BY Ellis Fritchman
SECONDED BY Lynn Oliver to accept the December Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

The board reviewed the End of Month Report. Dan Hawkins reported that no taps were sold yet in Fiscal 2010.

Cliff Gilliam Request:

The board read a letter from Clifford Gilliam requesting that the Association take back a tap that was issued in 2005 for his property on the west side of Highway 65 south of the CDOT maintenance barn. Dan Hawkins reviewed the history of the tap application. Mr. Gilliam was unable or unwilling to get a tap from Orchard City at his property, although it lies in what is historically the Orchard City service area. Before issuing the tap, USCDWUA wrote a letter to Orchard City asking if there was any objection to the sale of a USCDWUA tap. Orchard City responded that there was no objection.

The tap has not been installed. It would be necessary to extend the main line south from the CDOT site to serve the Gilliam tap. Hawkins said that at the time of the sale of the Gilliam tap, it seemed as if Aspen Trails campground was also interested in a USCDWUA tap, which would have helped justify extension of the main line. However, the Aspen Trails tap never materialized.

During discussion, it was pointed out that the Gilliam request was similar to the one from Fernandez at the previous month's meeting, which was denied by the Board. John Hawkins remarked that with the economy depressed, it is likely that more owners of unused taps will be making the attempt to get rid of them.

MOVED BY Jerry Figueroa
SECONDED BY John Hawkins to deny the request from Clifford Gilliam that USCDWUA take back his water tap.
MOTION CARRIED with no opposing votes.

Subdivisions:

Deer Park Subdivision, Susie and Jeff Hirsch:

The board studied copies of the sketch plan for a re-subdivision of the Michela Game Minor Subdivision, which is located southwest of the intersection of Surface Creek Road and Hanson Road. It is a re-subdivision of Lot 1, which was a 35-acre parcel containing an existing house with a water tap.

The new subdivision will create three lots, two of them requiring new taps. Two of the lots have frontage on Surface Creek Road. One is the lot with existing house and tap. The other lies north, and can be served from the six-inch line on the east side of Surface Creek Road. The third lot only fronts on Hanson Road. There is a 2 ½ inch line on the north side of Hanson Road, which would require a road crossing to serve the lot.

The Board generally agreed that the Association can serve the two taps. However, formal approval was tabled pending discussion with the owners about the details of where meters will be placed.

Freeze Problems

Dan Hawkins reported that the main line froze along T75 Road near the foot of the Wilbanks Mesa grade. The only house affected is owned by Marsha England. The line froze twice in three days. The second time was due to a failure to let water run as requested by USCDWUA.

Hawkins reported that two water meters have frozen so far. Also, a plastic line for customer Mike Capuano, who lives north of Ute Trail Road, froze while the home was unoccupied for a month. Hawkins said that, as far as he knows, it is still unusable. The pipe is the owners responsibility, as it is between the meter and the house.

Upgrade Water Pump

Dan Hawkins reported ongoing problems with the house water pump at the treatment plant. The pump supplies water pressure for sinks, toilet, etc., and also assists in back-washing the sand pre-filters. The problem is that the start-stop cycles of the pump are too violent, creating pressure surges that make the pump go into quick repeated start and stop cycles. This stirs up sediment in the pipeline that feeds the turbidimeter, leading to high turbidity readings that have in some cases caused the plant to shut down. It is also hard on the pump and piping.

Hawkins said the solution will be to install a variable-frequency drive along with a 3-phase motor on the pump. This will allow the pump to start and stop at a controlled slow rate. The cost is expected to be around \$600.

Water Loss

Dan Hawkins reported an unexplained water loss over about a 30-hour period January 3rd and 4th. It appeared that about 100 gallons per minute were escaping somewhere. The "leak" started and stopped suddenly, and no explanation has been discovered.

Meeting adjourned 8:00 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
March 08, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 pm. Board members present were Lynn Oliver, Jerry Figueroa, John Hawkins, Dennis Grunkemeyer, Bryan Klaseen, Herman Kline and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins, Lawrence MacKendrick.

Minutes:

MOVED BY Lynn Oliver

SECONDED BY Herman Kline to accept minutes for the January 10, 2010 Board Meeting.

MOTION CARRIED with no opposing votes

Financial Report:

There was a discussion about health insurance cost, and whether the new Federal health care legislation would affect the Association employees' health insurance. Dan Hawkins said he is awaiting information from Tom Voake, the agent for USCDWUA health insurance.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept both the January 2010 and February 2010 Cash Flow Reports.

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

The board looked over the End of Month Report. There was less water used in January and February this year than the same months of last year.

There have been few transfers and no tap sales so far in the fiscal year.

Subdivisions:

Cedaredge Major:

Dan Hawkins reviewed the information received to date about this proposed subdivision on the west end of Cedar Mesa above the Rodeo Ground. In November of 2009, Bill Miller of MM&D Engineering, representing the property owner, met with the Board to discuss the possibility of USCDWUA domestic water for the subdivision. At that time, no subdivision application had yet been made to Delta County. After that meeting, a letter was written on November 13, 2009 by Dan Hawkins to Mr. Miller stating the usual conditions for issuing taps, but also making the additional requirement that the developer contribute toward pipeline upgrades upstream of the subdivision. The letter extended an invitation to the developer to meet with the Board for the purpose of negotiating this contribution.

Hawkins said no reply to this letter was received. USCDWUA recently received a packet from Delta County Planning advising that this subdivision is now working its way through the County planning process.

After discussion, it was

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to send a copy of the November letter to Delta County with the notation that no meeting with the developer has occurred, and that domestic water is not committed until an agreement is reached.

MOTION CARRIED with no opposing votes

Deer Park:

Dan Hawkins reported that he met with Susie Hirsch, the owner of the property located in the southwest corner of the intersection of Surface Creek Road and South Hanson Road. Two new lots are being created. Both of them can be served by one crossing of Hanson Road to connect to the 2 ½ inch line on the north side. The Fire District will likely specify that a hydrant be connected to the six-inch line on the east side of Surface Creek Road.

Hawkins said the developers own Leon Lake water which they will provide to cover the taps.

MOVED BY Ellis Fritchman

SECONDED BY Bryan Klaseen to provide two water taps for the Deer Park Subdivision, to be connected to the Hanson Road pipeline. A letter is to be sent to the developers and to Delta County specifying the six-month time limit for tap purchase, the need to provide one acre-foot of water per tap, and the requirement to build all necessary pipeline and pay for the fire hydrant.

MOTION CARRIED with no opposing votes

Maintenance/Construction:

Dan Hawkins reported the following system repairs:

Leak repair, North Hanson Road: A PVC threaded adapter connected to a six-inch line broke in half, releasing a lot of water which was not noticed under the 30-inch snow cover. Eventually the water melted the snow and the leak was reported.

Leak repair, Meadow Drive: A hole eroded through a brass fitting near the fire hydrant at the end of the USCDWUA driveway. The failure was identical to a similar fitting replaced last year at another location. Both sites are near DMEA electrical grounding points, which caused Hawkins to speculate that the unusual corrosion may be from stray electric current and/or lightning, said Hawkins.

Service line leaks: On Alon Road, Redlands Mesa, two private lines of next-door neighbors developed leaks at the same time. Both leaks were just beyond the water meters, and were therefore the owner's responsibility. The same contractor built both houses.

House water pump replacement at treatment plant: Installation of a three-phase motor and variable-frequency drive has done away with water hammer and high turbidity spikes at the treatment plant.

Leak repair, 2800 Road: At the north end of Redlands Mesa, a four-inch pipe split from over pressure. The cause was traced to a pressure regulator failure on Cedar Mesa. Tim and Dayton repaired the pipeline, while Dan fixed the regulator. Veronica Minch, who lives near the Redlands leak, gave Tim and Dayton a framed photograph of them working during the heavy snowstorm in progress that day.

Other:

Dan Hawkins said that the lingering deep snow cover would likely prevent the water meters from being read in March.

Hawkins said that a final report of the Salmonella outbreak which struck the town of Alamosa in the spring of 2008 has been completed by Colorado Dept. of Health. USCDWUA has two copies printed and bound, and they available for anyone who wants to read them. Cause of the outbreak was suspected to be the entry of birds or animals into a water tank, plus the fact that the Alamosa system was not required to be disinfected. Since the outbreak, the suspected tank is no longer used, and chlorination facilities have been added.

Meeting adjourned 8:30 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
April 23, 2010 Board Meeting

The meeting was called to order at 12:00 noon by President Gerald Figueroa in the Ole Bakery Cafe in Cedaredge. Board Members present were Gerald Figueroa, John Hawkins, Lynn Oliver, Dennis Grunkemeyer, Herman Kline, Bryan Klaseen, and Ellis Fritchman. Dan Hawkins was also present.

It was noted that some board members had received minutes which omitted page 2. Dan Hawkins read page 2 aloud. It was

MOVED BY Dennis Grunkemeyer,
SECONDED BY John Hawkins to approve the minutes as submitted.
MOTION CARRIED with no opposing votes.

The Board reviewed the cash flow financial statement for March 2010. After discussion, it was

MOVED BY Dennis Grunkemeyer,
SECONDED BY Bryan Klaseen to accept the March financial report.
MOTION CARRIED with no opposing votes.

Gerald Figueroa reported on a meeting he attended in Cedaredge with representatives of Delta County and the Cedaredge Fire District. The purpose of the meeting as expressed by the organizers was "To talk about the expectations, opportunities and challenges in regard to providing fire protection in new subdivisions given the availability and capacity of domestic water systems within the area." Mr. Figueroa said he stated the Association's policies with regard to fire protection, and that if larger sized pipelines were required, it is up to the developers to pay the cost.

Dan Hawkins reported on a similar meeting in Hotchkiss. Hawkins said he joined with several others at the meeting in suggesting that the County abolish the fire hydrant escrow fund because it did not seem to be providing any new fire hydrants.

Dan Hawkins reported that the South Grand Mesa Source Water Protection Plan has been completed. It was the result of several meetings over the past months involving the drinking water providers and the coordinator, Colleen Williams of Colorado Rural Water.

The meeting recessed for lunch, and resumed with discussion of the Cedaredge Subdivision. John Hawkins proposed that a section of pipeline running from the Milk Creek Tank to Ute Trail Road be upgraded, and that the developers should be expected to pay a portion of the cost. Dan Hawkins estimated the cost at \$100,000. There was considerable discussion of what portion of the cost should be required of the Developers. It was generally agreed that it should be predicated on how many taps are initially purchased, and should not be more than half the cost.

The meeting adjourned and reconvened at USCDWUA headquarters at 2:00 pm. Developer Charles Schwartz and his engineer/representative Bill Miller joined the meeting. The matter of contribution to the pipeline upgrade was discussed at length. Mr. Schwartz did not outright disagree with the concept, but stated that it should be predicated in some way on the number of lots to be developed, which is not yet known, pending a report on soils and slope stability. According to Mr. Miller, the number could be anything from three to fifteen lots. It was agreed to resume discussions after the final determination of the number of lots in the subdivision.

Meeting adjourned 3:30 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
June 7, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were: Lynn Oliver, Jerry Figueroa, John Hawkins, Dennis Grunkemeyer, Bryan Klaseen, Herman Kline and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the minutes for the April 23, 2010 Board Meeting

MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Lynn Oliver

SECONDED BY Dennis Grunkemeyer to accept the Cash Flow reports for April and May 2010.

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that the May system usage was less than the same month last year by about 1.4 million gallons.

Maintenance/Construction:

Panorama Heights: There was a failed glue joint in a 4" PVC pipe at a TEE fitting. The repair was complicated by multiple telephone and electrical lines in the same trench with the water line. This is a characteristic of the subdivision, which was built in the 1970s. The leak was fixed without incident, although it took a lot of time.

Hidden Mesa – now owned by Bud Burgess: The residence has been vacant since the death of Ed Widner, the previous owner. A pressure reducing valve was re-located to get it out of a wet area. A new solar flushing station was installed at the end of the pipeline. There was a manual flush valve there, but it had seized up and became inoperable.

P-25 Road Fire hydrant-offset from main line: The hydrant was scheduled to be upgraded with a kit supplied by the manufacturer, along with 25 others on the system. Dayton Myers found he could not shut the isolation valve off in order to work on the hydrant. It was necessary to replace the valve, which apparently had a factory defect we didn't notice when it was installed. It was decided to upgrade the installation as long as it was all dug up anyway. Two more valves were added to allow the hydrant to be fed from either direction, and to break up a one-mile stretch of pipeline.

Wilbanks Mesa: A new underground tank was installed last fall to replace the above ground steel tank that had been in service 50 years. At the same time, a solar powered pump was installed to boost water up to the tank. The system worked fine until summer weather, now it cannot keep up with demand. Dan Hawkins said it is possible to increase the capacity of the pumping station. This would be done by 1) replacing the pump head on the motor with one of

higher capacity; 2) install another solar collector panel; 3) install batteries to allow the pump to run at night when higher pressure is available in the main line. Hawkins estimated the cost of these upgrades at \$1,200 to \$1,500.

Jerry Figueroa asked what it would cost to power the pump station with DMEA service. Hawkins said he had not asked DMEA for an estimate. It would require easement from Kay Gloria, the property owner, to run a line and pole. Hawkins said he would guess the cost at between \$5,000 and \$10,000. There is a \$21 per month minimum charge for DMEA service.

Herman Kline asked how much water is being delivered to the tank now. Hawkins said that 15,200 gallons were pumped in May, which is divided between two taps.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to go ahead with the solar pump upgrades as suggested by the manager.

MOTION CARRIED with no opposing votes.

Subdivisions:

Cedaredge Major Subdivision- Charles Schwartz: The access from the Cedar Mesa Grade has been approved by the County, despite the road supervisor recommending against it. There is still no decision as to the number of lots to be the subdivision.

Deer Park – Jeff and Susie Hirsch: Two Taps and a fire hydrant are paid for. The taps are not installed yet, pending construction of a supply line across Hanson Road.

Other:

There was a discussion about the Everest home in the Marshall subdivision. A newspaper article implied that there is a rental apartment in the home. Dan Hawkins said the owners have assured him this is not the case. There was an area in the home set up for the owner's parents to live in. They have since passed away, and that area is now considered a part of the house, which is only occupied by the owners.

Gerry Figueroa said that Wanda McManus has put a second mobile home on her property on Cedar Mesa. Dan Hawkins said he had discussed the need to buy a tap with Mrs. McManus, but he was not aware there was a second mobile home. It is not known whether the new mobile is connected to USCDWUA. Dan Hawkins said he will try to find out.

Meeting adjourned 9:00 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
July 12, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were: Lynn Oliver, Jerry Figueroa, John Hawkins, Dennis Grunkemeyer, Bryan Klaseen, Herman Kline and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins, and Lawrence MacKendrick.

Minutes:

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to accept the written minutes of June 7, 2010 Board Meeting as distributed to the members before the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

A revised Cash Flow Report for June was presented to replace the one provided before the meeting. An error had been found in the amount of principal and interest paid to US Bank. Dan Hawkins pointed out the purchase of treatment plant chemicals, which was for making chlorine dioxide.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept the corrected Cash Flow Report.

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Jerry Figueroa asked if the amount on the usage report for total plant production included backwash water that is returned to Surface Creek. Dan Hawkins said it only represents net delivery to the system. Backwash water amounts to an additional 5%.

Review of Water Rates

Dan Hawkins requested that the Board review the Association's water rate structure. He gave the Board a written report of the current water rates that are used to calculate customer bills. There are three billing categories:

- Standard Rate - applied to the majority of taps. This is the charge for one tap flowing through one meter.
- Agricultural Rate - applied to those farmers who have applied for a reduced rate for water that is essential for agricultural operations. Examples would be filling spray tanks, dairy washdown, fruit washing, and livestock watering in the absence of any other water source.
- Multiple Taps Rate - offered to those who own for example, two taps, but have only one active meter. In this case the water use is billed as though the water is actually running through both meters equally.

Examples were provided of what water bills would be for each of the categories. Hawkins pointed out that the rate structure currently in place has existed in its basic form for around twenty years without major alteration. It was devised with the help of a committee of shareholders during a particular dry period when there was interest in encouraging water conservation.

John Hawkins said that the justification for the agricultural rate is in the bylaws, which allow the Board to establish priorities for use of the water. The agricultural rate was authorized by the Board early in the history of the Association.

Maintenance/Construction:

Dan Hawkins reported on several projects.

Leak on R-45 Lane – a broken 1" PVC pipe at the inlet side of a meter pit was located almost directly under a telephone pedestal with several cables leading to it. The repair was further complicated by the fact that the valve for the R-45 Lane branch pipeline has been obliterated, requiring that a section of main line be shut down.

Replace valve on T50 Road – a valve at one end of a loop connecting Ute Trail Road and T50 Roads had failed in the closed position, requiring it to be dug out and replaced. Getting the loop back in circulation has improved the performance of the system.

Replace valve on Peach Road – a flush valve at the end of the Dickes-Grunkemeyer branch line was dug out and replaced, having failed due to stripped threads on the operating stem.

Upgrade Wilbanks Mesa pump – a 24-volt battery pack and second solar panel were installed at the pump house. The system is operated by a timer which runs the pump at night by battery power, then allows solar recharging during the day.

Electronics failure in treatment plant – an intermittent loss of communication between one of the Pall skids and the supervisory computer was causing alarms and plant shutdowns, often at night. The shutdowns required a trip to the plant to get back online. Bryan Mitchem of Mountain Peak Controls in Paonia was hired to troubleshoot. He has replaced a component which seems to have corrected the problem so far.

Cedaredge line break - the Town of Cedaredge suffered a major break in their 12-inch transmission pipeline about three miles north of Cedaredge. The news of the break came by "reverse 911" recorded telephone call to Cedaredge residents and to some USCDWUA customers. The Town line runs parallel to and about 15 feet away from a USCDWUA line.

Two residences on one tap

Dan Hawkins reported on some suspected multiple homes. Wanda McManus has moved a mobile home on her property for family members. It is not connected to USCDWUA, but it is not clear how it receives water, if at all. Mrs. McManus says they plan to install a cistern and haul water.

The Coslett – Hagadorn family on R45 Lane is in the process of remodeling a house which has a tap. Meanwhile some family members are staying in a travel trailer in the back yard of another home, owned by the same family. The situation appears temporary until the remodel is completed. Hawkins said he intends to monitor it. Mary Ann Hennessy reported that she saw raw sewage on the surface of the ground at one of the Hagadorn houses. Dan Hawkins and Dayton Myers looked around and did not observe any sewage.

Sharon Bouwman, on Timothy Road had a broken pipeline after her meter. She reported that "both houses" were out of water. Dan Hawkins investigated and found that the second home is really an addition under the same roof, using the same electric service and sewer. A daughter occupies it. The Board discussed this type of situation and it was generally agreed that unless the structure resembles a duplex, with separate electric meters, sewer hookups, and a separating wall, it may be considered one dwelling.

The question of housing for migrant farm workers was discussed. Jerry Figueroa suggested that allowance for such housing is justifiable under the same policy allowing the agricultural water rate. It is considered essential for the agricultural operation. The Board generally seemed to agree with this position.

Meeting adjourned 9:00 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
August 9, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were: Lynn Oliver, Jerry Figueroa, John Hawkins, Bryan Klaseen, Herman Kline and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to approve the minutes of the July 12, 2010 Board meeting as written and submitted to the Board before the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins reported that he has arranged with US Bank to set up a CD for the reserve account in place of the present money market checking account, which is yielding a very low interest rate.

Hawkins pointed out that the Wilbanks Mesa pumping station upgrade was finished in June, and most of the cost was paid in July. He also explained that the expense for water assessment was for Ray Frey's Surface Creek Water purchase agreement. The assessment had been overlooked earlier in the year.

EOM/System Usage Report:

Steve Ward has given the Association a \$ 20,000 check for the purchase of two water taps. They are to be used in the Ward Dry Creek Meadows Subdivision, which has been pending for several years. The taps have not been issued yet, because the required two acre feet of water have not been transferred.

Dan Hawkins reported a system usage of 13,600,000 gallons for July, compared to 14,300,000 gallons in July of last year.

Maintenance/Construction:

Dan Hawkins reported filter problems at the treatment plant. It is being caused by algae cells. This is about the time each year that many of the reservoirs on Grand Mesa turn green with algae bloom. The algae cells do not coagulate well, because of the clarity of the water. Rain causing more turbidity in the water has improved filtration. It has been necessary to wash the filters daily with a mixture of lye and chlorine, creating a greater chemical expense than expected.

Hawkins reported fire hydrant malfunctions in Panorama Heights Subdivision. The hydrants were installed in the 1970's. One hydrant cannot be opened as the operating mechanism is seized. Another one does not drain out as it should when closed. There is at least one hydrant that has an underground isolation valve which operates in the reverse direction from all the other valves in our system, that is, it opens clockwise. Hawkins said most of these

problems can probably be repaired with supplies in inventory, without the need to purchase new parts.

Bryan Klaseen asked why the Association pays for repairs on hydrants. It was explained that the hydrants become part of the water system, and are the responsibility of USCDWUA once installed. Jerry Figueroa asked why hydrants are painted different colors. Hawkins said the color code indicates the flow capacity of the hydrant.

Hawkins reported that there are now 14 meters locked off, representing about half of the past due bills owed. Some are known to be in foreclosure, others are simply abandoned, without notification to USCDWUA of their status. The largest past due accounts are Bob Neirinckx and Dave Stemple Estate.

Hawkins reported that 40 lead and copper samples have been taken over the past year, without exceeding the maximum level. He said that might mean the State will lift the order requiring a corrosion-inhibiting chemical to be added at the plant. Also, the Haloacetic Acid (HAA) results have remained within limits for four consecutive quarters. This may also allow a relaxation of the State order to perform extra water treatment. Hawkins said he believes the high lead samples that were obtained in the past were the result of bad sampling procedures, as the water may have been stagnant in pipes for much longer than the specified six-hour period. He said that is being addressed by better education of the homeowners taking samples. The HAA problem has been addressed by lower chlorine dosage, and more frequent flushing of pipelines.

A polyethylene tank which holds 550 gallons of backwash water at the treatment plant began leaking. This same tank leaked in December 2009, and was repaired by plastic welding. The new leak was in the same spot, and was again repaired by welding. It was the opinion of the welding company that the design of the tank makes it likely to leak again in the future. The company has repaired other similar tanks on Pall filtration systems. Bryan Klaseen suggested investigating the alternative of a stainless steel tank, custom fabricated to fit in the same area as the plastic tank. C & L Welding was suggested as a suitable contractor.

Other:

Three copies of the South Grand Mesa Source Water Protection Plan are available for the Board and other interested parties to study.

There was a discussion of the lack of revenue from new tap sales. It was speculated that the increasing cost of running the company may require raising the monthly rates to keep up with costs.

Meeting adjourned at 8:30 pm.

Respectfully Submitted 
Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
September 13, 2010 Board Meeting

Herman Kline called the meeting to order at 7:30 pm. Board members present were: Lynn Oliver, John Hawkins, Dennis Grunkemeyer, Bryan Klaseen, Herman Kline and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to approve the minutes of the August 9, 2010 Board meeting as sent to the Board Members

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the high cost of chemicals. The raw water quality this summer has required higher doses of coagulant and chlorine dioxide. Algae growing in reservoirs has been the problem. There was discussion concerning work being done on Park Reservoir, which has been drained. It was speculated this may have contributed to the poor water quality.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the August 2010 Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins said it was a wet August, resulting in lower than expected system demand. Dennis Grunkemeyer asked Hawkins if he was happy with the Pall Plant, given the difficulty dealing with the raw water conditions. Hawkins said he believes the plant has performed up to expectations. He said the Cedaredge operators have experienced problems with the algae too.

Hawkins said if taste and odor become a serious problem, a possible solution would be to run the filtered water through a second set of Fresno pressure sand filters loaded with activated charcoal.

Budget Progress Report

The Board reviewed the manager's presentation of the budget progress for ¾ of the year. Operating revenues have exceeded expenses due to overuse charges in the summer. Tap sales have been fewer than forecast, with only two new taps issued to date.

Maintenance/Construction

Redlands Mesa Blowout: A 4" line ruptured near 2800 Road and P25 Road. The failure occurred at 1:30 am, and drained the main Redlands tank of nearly 100,000 gallons. The leak was repaired by 10:00 am and the tank refilled in about 48 hours. During the repair, service was maintained to most users by using the upper Redlands tank as a backup, since it was not affected by the break.

Plastic Tank in Treatment Plant: For the second time in six months, a 500-gallon rectangular plastic backwash tank mounted on one of the Pall skids at the treatment plant split in a corner, leaking water onto the floor. The crack was welded shut by Stressed Skin Designs, a Grand Junction company. The welder said he has seen the same problem at other Pall plants. He believes the square-corner tank design is to blame, because flexing of the side panels occurs during repeated draining and refilling.

A new backwash tank purchased from Pall will cost \$6,342. Craig Busch of C&L welding in Austin has quoted building a replacement tank out of stainless steel for \$4,821. Replacing the Pall tank with one of a different material will require an engineering study and permission from the Health Department. After considerable discussion, the Board agreed that an engineer should be consulted about the advisability of replacing the plastic tank with stainless steel.

Q50 Road: Dan Hawkins reported that several leaks have occurred recently under Q50 Road on the half mile stretch between 2500 Road and 2550 Road on Cedar Mesa. Each repair means digging up the paved road surface, because the pipeline runs in the road, not along the edge.

Hawkins learned that Delta County intends to re-pave the road this fall. He suggested that the company undertakes a project to abandon the existing line and build a new pipeline in private easement off the road. About half the required distance is already covered by newer pipelines off the road. Hawkins estimated the cost to be at least \$20,000.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to proceed with the Q-50 Road project.

MOTION CARRIED with no opposing votes

Vacuum Out Sedimentation Chamber

Dan Hawkins reported that he hired a vacuum truck operated by Kevin Cooper of Happy Hollow to remove accumulated sediment from the settling basin at the Surface Creek intake. The cost was \$850. The backwash pond at the treatment plant needs to be vacuumed out as well. Hawkins estimated the cost at about \$5,000, but said he is awaiting a firm quote from Mr. Cooper. Hawkins said it would be advisable to dump the sludge on the treatment plant property if possible, because it is very expensive to haul away to a designated disposal site.

Cancellation of State Enforcement Order

Dan Hawkins reported that Enforcement Orders previously issued by the Colorado Department of Public Health and Environment requiring USCDWUA to install additional chemical injection equipment at the treatment plant have been rescinded. The issues were lead and copper corrosion and Haloacetic acids. The CDPHE has acknowledged that the problems have been addressed by other means. For HAA, the solution has been closer control of disinfection residuals, and reducing the residence time of the water in the distribution system through flushing. For lead and copper, the solution has been more careful instructions to the homeowners who are drawing samples for lead analysis. It is suspected that high lead results in the past were the result of sampling from taps that were unused for long periods of time, causing more lead leaching than in taps used frequently.

Meeting adjourned 9:00 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
October 11, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 6:35 pm. Board members present were: Lynn Oliver, Dennis Grunkemeyer, Jerry Figueroa, John Hawkins, Bryan Klaseen, Herman Kline and Ellis Fritchman. Others present were: Dan Hawkins, Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the minutes of the September 13 , 2010 Board Meeting.
MOTION CARRIED with no opposing votes

Financial Report:

Herman Kline asked about an item on the report listed as a refund check. Dan Hawkins explained that he called the company that issued the check, HSBC Card Services, but the person he talked to could not say what the check was for. The check was deposited. Hawkins said it is possible that someday a mistake will be uncovered, and the money will have to be given back.

Hawkins reported that AmeriGas has rescinded a charge for propane that was not ordered or delivered to USCDWUA. But, they have now charged a \$45.85 finance charge for non-payment. Hawkins said he will not pay this either, and is in touch with the company to get it rescinded. Dennis Grunkemeyer that this should be reported to the Better Business Bureau.

John Hawkins asked about the Jun Strothman returned check. Dan Hawkins said that due to a series of leaks and non-payment, a bill of about \$1,000 accumulated over the summer. Ms. Strothman sent a check for \$884.55, saying the tenant would pay the rest. The tenant moved out without paying, and the check from Ms. Strothman bounced. The tap has been locked off.

Herman Kline asked about the vehicle repairs. Dan Hawkins said it was mostly for the Chevy S-10 pickup, which needed a fan shroud and windshield wiper arm, and some bills for the front axle repairs came in late.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to accept the September 2010 Financial Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that two taps were purchased by Steven Ward for the Ward Meadows Subdivision. Also, one more tap was sold after the end of the month, not shown on the report.

System usage was down in comparison to last year at this time.

Engineer consultation - stainless steel backwash tank:

Dan Hawkins reported that Leroy Black was consulted on the idea of replacing a cracked plastic backwash tank at the treatment plant. He recommended that a stainless steel tank be designed as a liner to slip inside the existing tank, which would be left in place. This would provide additional structural strength for the proposed 1/8 inch thick stainless steel tank walls. The existing plastic tank lid would be used as a top cover. Black offered the opinion that this change could be made without going through a full engineering review and State Health Department approval process.

Hawkins estimated that the cost would be around \$6,000, based upon a preliminary quote from C&L Welding, and taking into account possible contingencies.

MOVED BY Jerry Figueroa
SECONDED BY Lynn Oliver to work with Leroy Black and Craig Bush to build a stainless steel liner with an estimated cost of \$ 6000.
MOTION CARRIED with no opposing votes.

Maintenance/Construction:

Copper flies off in valve vault: Dan Hawkins showed the Board a short piece of 3/8 inch copper tubing which had broken off the flares at both ends. The tubing was part of a pressure regulator located at the east end of Tabor Road, at the south end of the Gerald Loucks property. A neighbor, Clint Crosby, reported water boiling out of the valve house at about 6:00 pm. It was necessary to shut down about 1/2 mile of main line to repair the leak.

Galvanized rusts out on Cedar Mesa Road: A rust hole opened up in a galvanized pipe at the intersection of Cedar Mesa Road and Cactus Park road on Cedar Mesa. The piece of galvanized pipe was replaced by copper.

Q50 Road pipeline project: Eric Fritchman was hired to do excavation and pipe installation. The project required about 700 feet of 6” pipe on the north side of the road, and about 400 feet of 4” pipe on the south side. Road crossings were required in four places. Two of them were successfully pushed under the road, and two required cutting the road. Moving taps to the new pipeline is being done by USCDWUA. This project will allow abandonment of about 2,000 feet of galvanized pipe which is underneath the pavement.

Quote to vacuum out sedimentation pond: Southwest Systems of Happy Hollow is working on a bid to vacuum out the backwash sedimentation pond at the water treatment plant. The cost estimate will probably be between \$5,000 and \$7, 000.

There was a lengthy discussion of the problems of vacuuming out the pond and where to dump the mud. The cost is prohibitive to take the mud off the property and haul it to a waste disposal site. Dan Hawkins said it should be possible to find a site on the treatment plant property where the mud can be spread out.

MOVED BY Lynn Oliver

SECONDED BY Dennis Grunkemeyer to accept a bid of \$7,000 or less from Southwest Systems to clean out the pond. If the bid is higher Dan will consult with other contractors from outside the local area and call the board with his findings.

MOTION CARRIED with no opposing votes.

Department Of Wildlife fish kill at Park Reservoir:

Colorado DOW will carry out a fish poisoning operation this week on Park Reservoir. The agent used will be rotenone, mixed with a solvent containing benzene and xylene. All these substances are a potential health hazard if they reach the raw water supply.

DOW has submitted a written plan which expresses their intent to keep any trace of these substances from reaching Surface Creek until they are neutralized or degraded by age. Dayton Myers will attend the operation to be sure this is the case.

Jerry Figueroa pointed out that we could buy water from Cedaredge if things don't go as planned an it looks like the creek will be contaminated. There was a lengthy discussion about the potential taste and odor of from dead and decaying fish left in the reservoir. This could become a problem next year when the reservoir is drawn.

Other:

There was a discussion about tax relief measures to appear on the Colorado ballot, known as 60, 61, and 101. It was pointed out that the wording of these propositions is vague, and it is impossible to predict their effect, if any, on the Association. It was generally agreed that the Board would not take any official position toward these ballot issues. The meeting adjourned at 8:45 pm.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
November 8, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were: Lynn Oliver, Jerry Figueroa, John Hawkins, Bryan Klaseen and Herman Kline. Others present were: Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Lynn Oliver to accept the minutes of the October 9, 2010 Board Meeting as written and sent to Board members before the meeting.
MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Lynn Oliver
SECONDED BY John Hawkins to accept the October cash flow report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that one new tap was sold to Mr. and Mrs. Merle Roberts, who presently live in Wyoming. The tap is installed on Cedar Mesa Road near the east end of Cedar Mesa.
There was a discussion of the transfer of the Donald Peterson estate, which includes two taps.

Sanitary Survey - State Health Department:

Hawkins reported that the system is scheduled for a sanitary survey inspection, which is normally done every three years. The inspector will look at record keeping, water quality monitoring practices, backflow prevention, and a visual inspection of all the visible facilities.

Hawkins reported that the backwash pond has not yet been pumped out, due to inability to schedule a contractor.

Maintenance/Construction:

Four-inch line burst on Ute Trail Road

This occurred in a pasture owned by Kenneth Anderson on the south side of Ute Trail. A 20-foot section of pipe was replaced. The break happened at 4:00 am. It was a soggy mess from the leak and raining all night.

Four-inch line split on Wilbanks Mesa

This was a leak that has been suspected for some time. That stretch of line was walked earlier this year, but the leak was missed because the pipeline crossed the Lone Pine ditch in a different place than was thought. Hawkins showed the Board a sketch of the area.

Harold Farley, who lives nearby reported the Leak. The pipe failed from being squeezed between two rocks during installation. Eric Fritchman was hired with his trackhoe, as the hillside was too dangerous for the USCDWUA backhoe. Benson Brothers delivered two truckloads of sand for bedding and backfill.

Hawkins guessed that without the water loss from this leak, the solar pump house will be unnecessary, at least for the winter. A pressure logger has been installed in the pump house to monitor main line pressure for a week or so, which will determine whether the solar pump needs to stay in service.

Four-inch line joint leak on Q-25 Road

This leak was reported and repaired on the same day as the Wilbanks leak. It was on the extended Q25 Road right-of-way ¼ mile east of 2600 Rd. It was a leaky glue joint, which has been a typical problem on that particular line.

Q-50 Road pipeline project

Dan Hawkins reported that the existing one-inch galvanized line has been disconnected and abandoned. Approximately ¼ mile of new pipeline was installed, which involved extending the six-inch line on the north side of the road westward 720 feet, and extending the four-inch line on the south side of the road eastward 470 feet. The two lines were interconnected with a road crossing. Five existing taps were reconnected to the new system, requiring one road cut and two road bores. The cost is between \$18,000 and \$20,000. All invoices are not yet received, but the project is finished.

It was anticipated that Delta County would pave Q50 road this fall, when the pipeline project was done. However, there is increasing doubt that this will happen, Hawkins said.

DOW fish kill at Park Reservoir:

Dayton Myers monitored the project. He was satisfied that no toxic chemicals reached Surface Creek, and are not likely to this winter. There is still concern about the taste of the dead fish in the spring, due to the large number of suckers and trout that were killed and remained in the lake.

2011 Budget Preview:

The board looked over a preliminary budget and there was some discussion about it. The budget proposes no increase in membership price or monthly water rates. There is concern about the diminished sale of memberships and the economy in general. Also there was a discussion about the high amount of delinquent accounts.

Jerry Figueroa, Herman Kline, and John Hawkins are up for election this year. There was a discussion about who might replace John as he expressed a desire to retire. But, he agreed to stand for reelection this year.

Meeting adjourned 8:30 pm.

Respectfully Submitted 
Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
December 6, 2010 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were: Lynn Oliver, Jerry Figueroa, John Hawkins, Bryan Klaseen, Dennis Grunkemeyer, Ellis Fritchman and Herman Kline. Others present were: Dave Mitchell, Deborah Christner, Dan Hawkins, Helen Hawkins and Lawrence MacKendrick.

Minutes:

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the minutes of the November 8, 2010 Board Meeting as written and distributed to the Board

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out that the Q-50 Road pipeline was reported finished at last month's meeting. The final bills were paid in November, bringing the project cost to \$20,000.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the November 2010 Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins explained the delinquent accounts. \$17,889 is due for accounts that are shut off; \$6,932 is due for active accounts. The total past due is \$24,821.

Total system usage in November was 5,328,640 gallons. This was 2.4 million gallons less than last year. Hawkins reported that the Wilbanks Mesa pump has been removed for the winter, as there is enough line pressure to serve the Wilbanks Mesa tank without using the pump.

Sanitary Survey - State Health Department:

Dan Hawkins reported that the system-wide inspection scheduled in November was canceled by the State. It has been rescheduled for December 7.

Shea Subdivision:

Realtor Dave Mitchell told the Board that he was informally representing the Shea Subdivision located south of Payne Siding along Highway 92. The subdivision is not going to be developed as originally planned. It has been sold to new owners in California. The owners are attempting to sell the water system, including the Gunnison River water right, a pumping station, treatment plant, storage tank, and distribution system. It is estimated that a dozen taps are currently connected to the system.

John Hawkins said that the Association was contacted when the Shea Subdivision was being planned, and was asked to provide domestic water for it. There have also been other requests from the area along Payne Siding Road, the northwest part of Rogers Mesa, and Leroux Creek. While USCDWUA is theoretically positioned to serve these areas, it would require costly expansion of the system. The people making the requests have so far been unable or unwilling to pay for the expansion. The Board believes the existing Association shareholders should not bear the cost.

After discussion, a consensus emerged that USCDWUA is not interested in the Shea system.

Clifford Gericke and Carole Smith Transfer:

Dave Mitchell then stated that he is the court appointed representative for Clifford Gericke, a co-owner of a water tap with Carole Smith. Smith and Gericke have been ordered to sell their jointly-owned property, located on P25 Road, Redlands Mesa. The USCDWUA stock certificate is not available. It is believed to be in the possession of Clifford Gericke. Mr. Gericke will not surrender nor assign the stock and will not seek a lost document bond in lieu of the stock certificate. Therefore, the usual minimum requirements for transfer of a water tap are not met.

Mr. Mitchell proposed that \$10,000 be withheld from the sale of the property and placed in escrow for USCDWUA. There would then be a period of six months of legal advertisements informing Smith and Gericke that their water tap would be forfeited. At the end of that time, if no claim for the tap has been made, the \$10,000 would be returned to Smith and Gericke, and the tap would be transferred.

It was also discussed that the buyers could buy a new tap and let the old tap lapse. It was discussed then whether or not irrigation water would need to be furnished with that tap. It was generally agreed that, since the new tap would essentially replace an existing tap, and not place any new demand on the system, that the requirement to furnish water could be waived.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen that after every effort is made by Carole Smith and Clifford Gericke to obtain a lost document bond or surrender the stock certificate, and if these efforts fail, the Association will sell a new tap to the buyers of the Smith-Gericke property, without the requirement to furnish water. The original Smith-Gericke tap may not be moved from the property, and may not be used without one acre-foot of water being furnished to the Association. The original tap may be canceled and absorbed by the Association at the option of the Board. The Manager is instructed to seek advice from the Association's attorney before carrying out this motion.

MOTION CARRIED with no opposing votes

Annual Meeting:

John Hawkins announced that after fifty years, he has decided to retire from the Board of Directors this year. Dan Hawkins introduced Deborah Christner from Redlands Mesa. She has agreed to be nominated at the annual meeting, and serve as the Redlands Mesa representative if elected. She has been involved with a water company in Eagle County. Her family started the water company, and she was part of the company for many years. She also comes with a great deal of experience in construction business. She and her husband Doug have resided on Redlands Mesa for three years.

Dan Hawkins presented the Agenda, the State of the Association Report and the Budget for the Annual Stockholders Meeting. The Board made two suggested changes to the budget. One is to plan for a capital improvements project using the 12-inch pipe that has been stored outside for two years. The proposed project would be at the north end of Cedar Mesa, crossing the BLM at the future tank site, and continuing down along the Lone Pine Ditch.

Another proposal is to build a pipe shed on the headquarters property for keeping pipe out of the weather. Either or both of these projects may be undertaken depending on available revenues. The proposed budget was amended to reflect these suggestions.

Other: Dan Hawkins reported that the backwash pond will probably not get pumped out this year.

Meeting adjourned 9:00 pm.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

Upper Surface Creek
Domestic Water Users Association

Minutes of Organizational Meeting
December 14, 2010

The meeting was called to order by Gerald Figueroa at 9:00 pm in the Cedaredge Community Center, following the annual Stockholders Meeting. Board Members and officers present were Gerald Figueroa, Herman Kline, Dan Hawkins, Dennis Grunkemeyer, Ellis Fritchman, Debbie Christner, and Lynn Oliver.

Mr. Figueroa announced that the purpose of the meeting was to establish Association officers for the fiscal year 2011. It was

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver that the current officers retain their positions – Gerald Figueroa President, Herman Kline Vice-President, and Dan Hawkins Secretary-Treasurer.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:15 pm.

Respectfully Submitted


Secretary-Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
January 10, 2011 Board Meeting

Jerry Figueroa called the meeting to order at 7:40 pm. Board members present were: Jerry Figueroa, Deborah Christner, Bryan Klaseen, Ellis Fritchman and Herman Kline. Others present were: Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Ellis Fritchman to accept the minutes of the December 6, 2010 Board Meeting, as written and delivered to the Board members prior to the meeting.
MOTION CARRIED with no opposing votes

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the December 14, 2010 Board Organization Minutes, as written and delivered to the Board members prior to the meeting.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out the high payment toward debt liabilities. The CWCB loan payment comes due annually; the smaller payment to US Bank is monthly.

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the December 2010 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins reported that there was 1,500,000 less gallons used in December than the same period in 2009. Jerry Figueroa referred to a question raised at the annual stockholder's meeting about water requirements. Member Mike Mason had observed that the system uses about ½ cfs averaged annually.

Dan Hawkins said that it is mathematically correct that the annual system demand averages ½ cfs. But, the system could not operate continuously with such a limited supply unless there was a raw water reservoir to supply the peaks in demand, which can easily exceed 1 cfs in the summer. That is why it is necessary for the Association to own reservoir water rights to supplement the ½ cfs flow decree which is the main year-round water source.

Jerry Figueroa said that the Association owns reservoir water exceeding its annual requirement to be sure of having adequate supply in drought years. He offered 2002 as an example, when the yield of some reservoirs on Grand Mesa was as little as 25% of full capacity.

Deb Christner asked how much of the system demand is unaccounted for. Dan Hawkins answered that the goal is to have less than 10% water loss, although that number is often exceeded. He said the rule of thumb published by the American Water Works Association is 2 gallons per minute per mile of pipeline. Hawkins said that rule is not useful for USCDWUA because we have 105 miles of pipeline, which would imply that 200 gallons per minute leakage would be normal.

Deb Christner asked if the system uses telemetry. Dan Hawkins there is telemetry monitoring of tank level and pressure on the Redlands Mesa tanks and the Milk Creek tank.

Dan reviewed the history of the Gericke/Smith tap located on P25 Road, Redlands Mesa. A judge has ordered the property to be sold. The owners, Clifford Gericke and Carole Smith, have been unable to produce the stock certificate. Also, Mr. Gericke has not provided an assignment of the stock, and neither party has been able to obtain a lost document bond. Hawkins said that at a previous Board meeting, it was decided that in the absence of these documents, the tap could not be transferred, and a new tap would need to be purchased for the property.

The property has been purchased by Dennis Sitton, who also bought a new tap. There was a discussion on how best handle the Gericke tap.

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to cancel the Gericke & Smith tap. The manager is instructed to write a full report of the situation for the company files and to provide a copy to the company attorney.

MOTION CARRIED with no opposing votes

Sanitary Survey - State Health Department:

Dan Hawkins reported that a Sanitary Survey was conducted by the district engineer from the Health Department on December 7. The survey is an inspection of the system including documents, records, and physical facilities. Two reports were provided by the engineer, one for the water system and one for the waste disposal system at the treatment plant (backwash pond). Hawkins read portions of the reports to the Board.

A question was asked about the violations for exceeding the allowable limit for Haloacetic acid and lead, which occurred in prior years. Hawkins said that those problems have been overcome without making changes to the treatment plant. The HAA concentrations have been lowered by reducing the chlorine dosage and more frequent pipeline flushing. The lead problem was traced to a poor choice of sampling location. We have improved our communication with the customers who conduct lead sampling to make sure they follow the required procedures.

Leaks:

Jim Pollock residence, Cactus Park Road: A two-inch plastic cap on the end of a main line split. Although the leak was next to a house, the owner had passed away and the house was vacant. The leak was discovered by a neighbor while horseback riding.

Dorothy Pedotto residence, Ute Trail Road: A four-inch plastic main line split in Mrs. Pedotto's yard. The snowstorm in progress at the time deposited four inches while the leak was being fixed.

Chlorination pump problems: In the treatment plant, a small water pump showed signs of failure, and was replaced.

P25 Road, Redlands Mesa: A four-inch plastic line split at a point about ¼ mile west of the lower Redlands Mesa tank. It caused some loss of water from the tank, but it was fixed before the tank drained completely. The tank recovered in two days.

Meeting adjourned 8:30 p.m.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
March 14, 2011 Board Meeting

Jerry Figueroa called the meeting to order at 6:30 pm. Board members present were Jerry Figueroa, Deborah Christner, Bryan Klaseen, Ellis Fritchman, Dennis Grunkemeyer, Lynn Oliver and Herman Kline. Others present were: Dan Hawkins, Helen Hawkins, and David Galinat.

Dave Galinat Tap Request:

Mr. Galinat arrived at the meeting as it was called to order by President Figueroa at 6:30 pm. He was invited to address the Board before consideration of other business.

Mr. Galinat explained that his property lies along the eastern shore of Fruitgrowers Reservoir south of North Road adjoining the Bud Burgess ranch. His home is located roughly three-quarters of a mile south of North Road. There is a domestic well on the property, which Mr. Galinat expects to decline in production if the Burgess ranch ceases to be irrigated. Therefore, he would like to purchase a tap.

There was an extensive discussion whether to connect a tap near the Donald Rowley tap or to build an Association line from North Road along Hulteen Road. Mr. Galinat said he prefers to connect near the Rowley tap and build a private line to his home. He will need to obtain a short easement to cross a corner of the Don Rowley property. It was recognized by the Board that building along Hulteen road would require an easement either from the Burgess Ranch or Delta County. Mr. Galinat then left the meeting and discussion continued.

Dan Hawkins said the line at Rowley's is one inch galvanized. At Hulteen Road, it is 1¼ inch galvanized. All of it is 50 years old, and has developed several leaks over the past few years. It was generally agreed that the pipeline will need to be upgraded to support an additional tap. It was also agreed that the line has reached the end of its useful life and is due for replacement whether or not Galinat is connected. There was discussion as to whether or not have Galinat participate in the cost of up-grading the line. The consensus was that Galinat should not be required to participate in the upgrade cost.

Dan Hawkins estimated the distance to be upgraded at one mile. Presently, there is a four-inch line ending near the Ellis Fritchman residence. Hawkins said the project could likely be completed for \$50,000. The company has enough pipe on hand for about half the distance. Some additional pipe will need to be purchased.

MOVED BY Jerry Figueroa

SECONDED BY Bryan Klaseen to approve a tap for Galinat which will be installed near the Don Rowley tap.

MOTION CARRIED with no opposing votes

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to authorize \$50,000 to replace the remaining galvanized pipeline along 2600 Road and North Road to the Don Rowley tap.

MOTION CARRIED with no opposing votes

Minutes:

MOVED BY Lynn Oliver

SECONDED BY Ellis Fritchman to approve the minutes for the January 10, 2011 board meeting.

MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the Cash Flow Reports as presented for January 2011 and February 2011.

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan presented the EOM Report. There was one transfer. System water demand for February was 5.34 million gallons, down 30% from 2010. March was 5.64 million gallons, down 27% from 2010. Hawkins credited the repair of a major leak on Wilbanks Mesa last fall for the improvement.

Maintenance/Construction Report:

Backhoe Maintenance – The Backhoe battery failed after nine years in service. Hawkins said the battery box was designed to mount two batteries in parallel. New battery cables were fabricated to adapt the backhoe for two batteries, for more cranking power in cold weather. The block heater was also changed, as the previous heater had never been very effective. A new heater was purchased from Benson Brothers which glues to the bottom of the oil pan.

Pipe Shed – Hawkins reported that some work has been started toward a pipe shed. It is planned to be built south of the existing shop/headquarters. It will be 50 feet long east-west, and 12 feet deep. Cost is estimated at \$8,000.

Ute Trail Road valve box leak – A two-inch bypass around a pressure regulator blew up in a valve vault. It happened early on a Sunday, and caused a significant loss of water in the Milk Creek Tank.

Cedar Mesa Road leak - This also happened at 2 am. on a Sunday. A 4" PVC pipe split 20 feet end to end. The cause appeared to be rock damage from insufficient bedding. The outage was limited to one home, that of Lester Radcliff. Mr. Radcliff offered some screened dirt for bedding the repaired pipe. USCDWUA will replace it.

Freezing Problems – A stretch of pipe on Cactus Park Road west of 2600 road froze. All taps along the road are being kept in service by feeding the pipe from both directions. Hawkins said he cannot remember this stretch ever freezing before.

Marsha England on T75 Road was out of water twice due to the freezing of the main line there. This is almost an annual problem. The solution will have to be replacement of at least a portion of the T75 Road line which is not deep enough.

Offer by Colby Domestic to buy unused water tank:

Francis Winston of Winston Water Works is a contract operator for Colby, and other systems. Mr. Winston asked about purchasing the unused 50,000 gallon steel tank which is south of the shop and headquarters building. Hawkins says he believes there is a potential use of the tank by USCDWUA on Redlands Mesa. Doughty Steel has suggested it could be moved by being cut in half. When reassembled, a band could be installed to make its height match the Lower Redlands Tank, allowing it to operate in parallel.

There was discussion about the worth of the tank. Hawkins said he assumes that it was painted with lead paint. This makes reconditioning the tank a potentially expensive process. Dennis Grunkemeyer asked about the cost of removing the paint. Hawkins said he has heard that costs have been coming down. When Cedaredge reconditioned their million-gallon tank on Highway 65, the cost was nearly the same as the cost of building the new matching tank alongside it. It was agreed that the paint from the tank should be tested, and that Colby should be informed about the possibility of lead.

Pond Cleaning:

Herman Kline asked about cleaning the backwash pond. Hawkins said he believed it can be done this spring.

Meeting adjourned 8:30 p.m.

Respectfully Submitted


Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
April 11, 2011 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were Jerry Figueroa, Deborah Christner, Bryan Klaseen, Ellis Fritchman, Lynn Oliver and Herman Kline. Others present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Lynn Oliver to accept the minutes of the March 14, 2011 Board Meeting.
MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins explained that the expense for treatment plant equipment was a spare level sensor for the clearwell. He said the sensor is critical for automatic operation, and the plant has been operating since new without a backup unit.

MOVED BY Herman Kline
SECONDED BY Ellis Fritchman to accept the March 2011 Cash Flow Report
MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins said system usage was about two million gallons less than the same month last year. He pointed out that one new tap was sold to David Galinat.

Maintenance/Construction:

Pipe Shed: The concrete foundation is done. Mike Laurita and sons did the work; a bill has not been submitted yet. Dan Hawkins said the original estimate by Laurita was \$1,800, but the plan was later changed and required more concrete. Hawkins said he will not be surprised if the bill is much greater than the estimate.

2600 Road Pipeline: Hawkins showed the Board an aerial photo depicting the route of the North Road/2600 Road pipeline upgrade. He said that some of the pipe will be within the County road right-of-way, and some will cross private land. The Burgess ranch is now owned by several creditors, all of them outside the local area. Written easement has been obtained for one parcel, and is pending for another. Easement will also be needed from Marty Potter, who lives northeast of the intersection of North and 2600 Roads, and Don Hebert, who represents the owner of property adjoining Fritchman's on 2600 Road.

Hawkins reported that Eric Fritchman has submitted a bid of \$4.00 per foot for excavating and installing the pipe. Hawkins recommended accepting the bid. There was no objection from the Board. Hawkins said there will be a pressure regulating station installed along North Road near the Burgess Residence, and an automatic flushing station near the west end of the line.

Leak at Rick King's meter: Dan Hawkins reported that the leak was on the customer's side of the meter outside of the pit. The customer hired an excavator, and the leak was found to be a hole in the wall of a copper pipe installed by USCDWUA. The Association paid the bill. The hole appeared to be a metallurgical flaw.

Water Quality: Hawkins said chlorine dioxide is being added to the water as the spring runoff is beginning, and the annual yellow-green tint appears in the water. Water tests for the first quarter of the year are well within State standards.

Letter from NFRIA-WSERC Conservation Center: Hawkins gave the Board copies of a letter from the Paonia-based organization, which proposes to sample water on south Grand Mesa to establish a baseline water quality in anticipation of oil and gas exploration. The letter solicits a contribution from USCDWUA of \$700 for one quarterly sample or \$3,500 for four samples. Hawkins said the Association already tests for most of the contaminants proposed in the letter. The matter was discussed, and it was decided the Manager should reply to the letter with an offer to make the results of USCDWUA testing available to the group, but declining to contribute money.

Other:

Chicken Farm: Dan Hawkins reported two telephone calls regarding a proposed chicken farm on North Road between 2800 and 2900 Roads on Redlands Mesa. The property is being purchased from David Stark. There is a water tap installed. The first caller was from the buyer. He inquired if domestic water could be used for the chickens. He said the primary supply would be from a well, but he would like to have domestic as a backup. Hawkins told him such use of domestic water for livestock is permitted, but that the Board has authority under the bylaws to restrict all customers to domestic use in times of water shortage.

The second call was from Travis Jardon, a neighbor of the proposed farm. He is opposed to the idea, and requested a set of the Association's bylaws, which were emailed to him. He also asked to be advised of any Board meeting at which the matter is discussed.

Dan Hawkins requested that the next Board meeting be held May 16, because he and Helen will be away on the normal May 9 date. The schedule change was agreed to.

Meeting adjourned 9:00 pm.

Respectfully Submitted 
Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION
May 16, 2011 Board Meeting

Jerry Figueroa called the meeting to order at 7:35 pm. Board members present were: Jerry Figueroa, Deborah Christner, Bryan Klaseen, Ellis Fritchman, Dennis Grunkemeyer, Lynn Oliver and Herman Kline. Others present were: Travis Jardon, Dan Hawkins and Helen Hawkins.

Jerry Figueroa invited Travis Jardon to address the Board before taking up other business. Mr. Jardon said he is concerned about a proposed chicken farm on a 40-acre parcel which adjoins Jardon's 80-acre parcel on Redlands Mesa. Mr. Figueroa said the Association had received notification from Delta County prior to the meeting, and so has some familiarity with the proposal.

Mr. Jardon said he believes the planned operation to be a commercial confined animal feeding operation, or CAFO. He asked if the Board has considered requiring a commercial tap to be purchased. Mr. Figueroa said that a commercial tap has never been defined by the Board, but the bylaws do allow for it.

Mr. Jardon said the property is rural-residential in nature, and that the adjacent neighbors are opposed to a chicken farm. He said he hopes domestic water will be made expensive enough to make the operation economically unfeasible.

Dan Hawkins said that there is currently a water tap installed at the property, serving the residence. He said the description of the property provided by Delta County states that the tap will continue to be used for the house, and that water for the chicken operation will be provided by two wells already existing on the property.

Mr. Jardon said he is sure that the wells will be unable to support the needs of the chicken farm, and that the domestic tap will in fact be the water source. He said he is aware that an agricultural rate is sometimes made available to farmers, and asked if such a rate will be applied to the existing tap. Dan Hawkins said no new agricultural rates have been granted for many years, and those in existence were grandfathered in from the early years of the Association. Mr. Jardon said he believes the agricultural rate violates the bylaws. Dennis Grunkemeyer said that question should be studied by the Board.

After discussion of these points, Mr. Jardon left the meeting. Ellis Fritchman referred to a sentence in the packet from Delta County, stating that the property designation is to be changed from Agricultural to Commercial Agricultural. He said he had always supposed that all agriculture was in fact commercial. Bryan Klaseen agreed, and pointed out that using domestic water for agricultural purposes has not harmed the system in the past.

Jerry Figueroa said it is necessary to hear from the chicken farmer before determining if any action is warranted. He then returned to the order of the agenda.

Minutes:

MOVED BY Herman Kline

SECONDED BY Ellis Fritchman to accept the Minutes of the April 11, 2011 Board Meeting

MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Ellis Fritchman

SECONDED BY Dennis Grunkemeyer to accept the April 2011 Cash Flow Report

MOTION CARRIED with no opposing votes

EOM/System Usage Report:

Dan Hawkins presented the End of Month report. He said that total system usage in April was about two million gallons less than the same month in 2010. He said this has been the pattern throughout 2011, and attributed it to stopping the leak near Harold Farley's on Wilbanks Mesa last fall.

Maintenance/Construction:

North Road/2600 Road pipeline: Dan Hawkins said the new pipeline is all installed, and is being flushed out. Jobs to be finished include a pressure regulator vault, an automatic flushing station, and reconnecting the taps.

Rimrock Road leak: Occurred near the former Ralph Thompson home on Currant Creek, now owned by Paul Thompson. A fitting connecting a four-inch line to a two-inch line developed a pinhole leak which eroded the steel and nearly cut a part of the fitting in two.

Microscopic Particle Analysis: Hawkins gave the board copies of a report from a laboratory in Berthoud, Colorado with the result of the MPA conducted at the filter plant in April. It showed that the membrane filters are performing the same as when they are new, achieving 6-log (99.9999 per cent) removal of particles in the size range of most common pathogens. The standard set by Colorado regulations is 3-log (99.9 per cent). This test is required every six years.

Backwash pond:

The removal of sediment from the pond will begin this week, weather permitting. Kevin Cooper (Southwest Systems) is the contractor. Based upon the estimated volume of material, Cooper has given a price of \$6,000.

Meeting adjourned at 9:00 pm.

Respectfully Submitted 
Dan Hawkins - Secretary/Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 13, 2011

Jerry Figueroa called the meeting to order at 7:30 pm. Board members present were: Ellis Fritchman, Lynn Oliver, Debbie Christner, Bryan Klaseen, Jerry Figueroa and Dennis Grunkemeyer. Also present were: Kelly Yeager, Greg Hostetler, Edwin Hostetler, Richard Blauser, Nomi Gray, Diane Cridler, Dan Hawkins and Helen Hawkins. Jerry Figueroa dispensed with the normal agenda to hear from the guests.

The Hostetlers and Mr. Blauser introduced themselves and said they had an interest in a chicken farm proposed on Redlands Mesa. The location is on a forty-acre parcel ¼ mile north of North Road, between 2800 and 2900 road. A water tap is installed there, presently in the name of David Stark. Kelly Yeager was introduced as a consultant who is helping with the Delta County permitting process. Dan Hawkins said he had invited these people to participate in the meeting to explain the nature of their operation, and because the Board had previously heard from a Redlands Mesa resident who is against their proposal.

Greg Hostetler said there will be 15,000 chickens housed in an open barn type structure and enclosed yard. The end product will be eggs. The primary source of water for the hen house will be one or both of two wells existing on the property. Mr. Hostetler said the wells were flow tested in the past, and he believes the water supply is adequate. He estimated the daily water demand at 900 gallons.

Jerry Figueroa asked if the property had any irrigation water with it. The answer was no. He reminded Mr. Hostetler that there could be no interconnection between the public water system and the well. Mr. Hostetler replied that their plan is to install a cistern and allow both domestic water and well water to flow into it, then pump it out for use in the hen house. The domestic pipe would flow into the cistern with an approved air gap.

There was discussion about using domestic water for agricultural purposes. It was pointed out that the bylaws give the Board the authority to restrict all users to strictly household domestic water in time of water shortage or inability to deliver. Kelly Yeager asked if an extra tap could be purchased for the property if desired. Bryan Klaseen asked what the main line size is. Dan Hawkins said it is 3-inch, and has the capacity to support another tap.

Mr. Figueroa asked if any Board members could see a problem with allowing the Association to serve as a backup water source for the hen house. There was no opposition expressed. The Hostetlers, Mr. Blauser, and Mr. Yeager then left the meeting.

Nomi Gray and Diane Cridler arrived. Diane Cridler had several comments about the chicken farm, particularly about the probable yield of the wells. She believes the well production will not be sufficient to meet the needs of the hen house. She said that she and other neighbors are concerned about flies, litter disposal, and other management issues.

Nomi Gray reported that the Minutes of the Redlands Mesa Community Club show that the community purchased a tap at the going price of \$225.00 in 1960 or 1961. Dan Hawkins said that the Association Board minutes show that in 1962, the Board authorized free taps for community building use on Redlands Mesa, Cedar Mesa, and Surface Creek. One free tap was issued to Cedar Mesa. None was issued to Surface Creek, as there was no community building. Meanwhile, Redlands had gone ahead and purchased a tap. No monthly charges were ever billed to Redlands. The Redlands Mesa Grange purchased a tap shortly after the Redlands Community Club. That tap has been billed for monthly water since it was purchased.

Nomi Gray explained that the Redlands Community House has been demolished and the one-acre parcel is vacant. The community group does not want to dispose of the one-acre lot

with a water tap. They want to sell the tap apart from the property and use the proceeds for the community.

Dennis asked who is in charge and making decisions for the community. Nomi Gray said she has done most of the work in handling the disposal of the community building. Dennis said it appears that the Redlands Community Club is not an active organization, except for the purpose of closing itself out. Nomi Gray did not disagree. She and Diane Cridler then left the meeting.

The chairman then returned to the order of the agenda.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman to accept the Minutes of May 16, 2011.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins said that the total cost of the 2600 Rd/North Rd pipeline upgrade will be approximately \$35,000. The earlier estimated cost was 50,000.

Hawkins pointed out an expenditure for a water pump, which was needed to drain the backwash pond for sediment removal. He said the fuel bill will be much higher in June because of the pumping of the pond, which has been a daily operation because the treatment plant continues to operate.

MOVED BY Lynn Oliver

SECONDED BY Dennis Grunkemeyer to accept the May 2011 Cash Flow Report.

MOTION CARRIED with no opposing votes.

Redlands Mesa Issues:

Chicken Farm:

Ellis Fritchman said he sees no problem with the chicken farm if they observe the rules about cross connection. He said he thinks a cistern is the best solution. A question came up about what to do if the chicken farm asks for an agricultural rate. Bryan Klaseen said the agricultural rate needs to be studied to see if it conforms to the bylaws, and to be formalized. He suggested that guidelines for granting any future water taps or water rates that are classified different from the normal domestic tap should be written up and adopted by the Board. Dan Hawkins agreed to consult with attorney Aaron Clay and report back to the Board later.

Redlands Mesa Community Club:

After review of the 1961 and 1962 Board minutes, it was agreed that the will of the Board was to provide free water to the Redlands community, provided it was truly used for community purposes. There was discussion as to whether it would be proper to allow the tap to be sold at the current price and the monies distributed in a way that is not presently known. A solution was suggested by Dan Hawkins, who said he had received advice from Bryan Klaseen, to reimburse the Redlands Community Club the purchase price of the tap, then retire (absorb) the tap and remove it from the system. In order to fulfill the Board's commitment to provide free community water, the free monthly service would be applied to the Grange tap, as that has become the community center on Redlands.

Following more discussion, it was

MOVED BY Dennis Grunkemeyer

SECONDED BY Ellis Fritchman to buy back the Redlands Mesa Community tap for \$300. Free water will be offered to the Redlands Mesa Grange, not including usage over the monthly base amount.

MOTION CARRIED with no opposing votes.

Maintenance/Construction Report

North Road/2600 Road pipeline project:

Dan Hawkins reported that the pipeline is in service. Taps need to be re-connected to the new line for Burgess, Potter, and Ellis Fritchman. The line now serves Don Rowley and David Galinat.

Van Skiver Leak: On Hanson Road, a leak occurred simultaneously on the main line and on the service line after the water meter. Most of the backhoe work was involved with the main line leak. Hawkins said the Association paid the excavation bill.

Treatment Plant Backwash Pond: The mud removal is complete. There were numerous delays because of the rain, then from soft ground near the pond. Two loads of pit run material had to be placed in order to support the weight of the vacuum truck. A bill has not been received from the contractor, Southwest Systems. Hawkins said he hopes it will be nearly the \$7,000 that was estimated based on the amount of sediment expected. Fred Houghton built a pit on his property to accept some of the mud, which he intends to use for soil after it dries out. The rest was spread on the ground at various places on the treatment plant property.

Wilbanks Mesa Cistern: Dan Hawkins said that arrangements have been made for Beth Meyer to use the trickle overflow from the new cistern above her property. He said it is not known yet whether the Wilbanks Mesa solar pumping station will need to be used this summer. So far, it has not.

Other

Dan Hawkins reported that the Colorado Unemployment Insurance program has announced that a special levy will be made to all employers later this year. The reason is that Federal money was borrowed by the State to bail out the unemployment fund. Interest payments are now due. The expected amount of the bill is \$340.00

Adjourned 10:00 p.m.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 11, 2011

A special meeting was called to order at 7:00 pm. Board members present were: Ellis Fritchman, Lynn Oliver, Herman Kline, Debbie Christner, Bryan Klaseen, Jerry Figueroa and Dennis Grunkemeyer. Also present were: Dan Hawkins and Helen Hawkins.

Dan Hawkins explained a situation with the Harold Warth property on Surface Creek Road. The property is foreclosed. A closing was conducted and the property was deeded to Frederick Busch. No steps were taken to transfer the USCDWUA tap. The Warth stock certificate is not available. A lost document bond has not been purchased. The foreclosing bank has not assigned the stock to Busch. Busch has not made application for membership.

Hawkins said he will often turn water on to a house for inspection or plumbing repairs before a transfer has taken place. In the case of the Warth tap, the meter is not capable of being locked off. Upon learning that the property had been transferred, Hawkins removed the water meter. It was then learned that Frederick Busch was already occupying the house.

The problem was discussed. Several Board members reported receiving phone calls from a Realtor on a separate case, reporting that Hawkins was unfairly providing water in some cases, and not in others. The question of when to provide water in difficult tap transfer situations was discussed extensively.

MOVED By Dennis Grunkemeyer

SECONDED BY Brian Klaseen that the manager of the water company was not to turn water on any tap until the owner's membership in the Association can be assured by proper documents.

MOTION CARRIED with 6 yeas and 1 nay

The regular Board meeting was called to order at 7:30 pm. Board members present were: Ellis Fritchman, Lynn Oliver, Herman Kline, Debbie Christner, Bryan Klaseen, Jerry Figueroa and Dennis Grunkemeyer. Also present were: Hank Lowmeyer of the DCI, Craig and Loretta Busch, Frederick Busch, Nikki Cernusak, Jim and Rebecca Neill, and Dan and Helen Hawkins.

Frederick Busch presented his complaint stating that after he had moved into his new home the manager of USCDUWA had arbitrarily turned his water off without any warning.

Dan Hawkins said that he removed the meter because the closing documents submitted by Fidelity Title in Montrose did not indicate any intent to transfer the water tap, which is still in the name of Harold Warth. He said the title company was provided with written instructions for making the transfer.

Jerry Figueroa explained that realtors were required by law to inform the buyers of water availability. Nikki Cernusak stated that she did not know that the requirements for USCDWUA were different than those of other water companies. She also said that on foreclosed properties, the rules of disclosure did not apply.

Rebecca and Jim Neill complained that the Requirements for USCDWUA were excessively cumbersome. They also complained that Dan Hawkins had provided water during transfer in other cases, and was not consistent.

After some discussion: Jerry asked the visitors to leave the room while the board discussed the problem. Discussion mainly concerned how to cool the situation down, given the hostility expressed by Frederick Busch and his parents, and whether the Association could temporarily bend the rules.

MOVED BY Jerry Figueroa

SECONDED BY Brian Klaseen that if Frederick Busch will agree to signing a letter stating that he understands that the necessary documents are required for a tap transfer, and will hold the Association harmless from any legal action, that a one-time exception will be made and water will be turned on for 60 days to allow time for a tap transfer to take place. If the transfer is not accomplished within that time, the water will be turned off, and Busch will have no further recourse.

MOTION CARRIED with 5 yeas and 2 nays.

The visitors returned to the room. Frederick Busch agreed to the terms of the motion. After the visitors left, the regular meeting continued with ordinary business.

Minutes:

Deborah Christner pointed out a typo on the minutes of the June Meeting.

MOVED BY Dennis Grunkemeyer

SECONDED BY Jerry Figueroa to accept the corrected June 13, 2011 Minutes

MOTION CARRIED with no opposing votes.

Financial Report:

Dan pointed out that the ending balance has dropped considerably. The bill for cleaning of the backwash pond was higher than expected.

MOVED BY Lynn Oliver

SECONDED BY Jerry Figueroa to accept the June 2011 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins told the board about occasional problems with dogs threatening the meter readers. Hawkins says he leaves it to the judgment of the meter reader what defensive action to take, and whether or not to approach a yard with a threatening dog. The policy has been to obtain meter readings when possible, and average the water use if the period is more than one month. The consensus of the board was to continue with this policy.

Redlands Egg Farm:

Dan Hawkins reported that Kelly Yeager informed him the application was tabled for a month and will be heard by the Planning Commission later in July. He said the true capacity of the wells is not known. The operation may require more water from the USCDWUA tap than previously estimated.

Maintenance:

The 2600 Road construction job is down to connecting the last tap, that of Ellis Fritchman. It should be completed this week.

David Galinat has reported low pressure, but the problem doesn't appear to be with the new USCDWUA pipeline.

Cleaning of the treatment plant backwash pond is complete.

Wilbanks Mesa solar pump is in operation, and is satisfying the demand of the two taps served by the cistern.

Other:

Tim Moore has 5 shares of Leon Lake water offered for sale at \$1,200 per acre foot.

This item was tabled because water company funds are low.

Adjourned 9:00 pm.

Respectfully Submitted:



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 9, 2011

Meeting called to order at 7:00 pm. Board members present were Herman Kline, Lynn Oliver, Debbie Christner, Bryan Klaseen, Jerry Figueroa and Dennis Grunkemeyer. Also present were: Aaron Clay, John Hawkins, Dan Hawkins and Helen Hawkins. Jerry Figueroa said that Ellis Fritchman was unable to attend due to a health problem, possibly a heart attack.

Jerry Figueroa acknowledged the Association attorney, Aaron Clay, and suggested that the meeting start with his suggestions on Stock Certificates. Mr. Clay said that other domestic water companies he represents also issue stock certificates and that he is advising them to do away with them. He explained some the problems that have arisen in recent years with mortgages and foreclosures. Mortgages are sent to secondary markets or government agencies who do not understand or wish to deal with stock certificates. In the case of a lost certificate, bonding is becoming difficult and expensive. Members do not understand stock certificates and do not take care of them as well as in the past.

Helen Hawkins remarked that Pete Tarr Insurance is currently the only local bonding agent that can be relied on to help obtain lost document bonds. The government agencies such as Freddie Mac are very uncooperative in obtaining bonds.

Aaron Clay explained that USCDWUA would not need to change anything in its bookkeeping system, or change the structure of the company. A membership will be recorded and certified in the membership book, just as at present. They bylaws would need to be changed to remove the requirement for stock certificates, and any other references to the certificate. He said in domestic water companies the stock certificates are redundant because the physical water tap is tied to the property and cannot be moved away from it, unlike irrigation company stock which is often freely transferable to other land.

Dan Hawkins said that most of the 12 transfers this month were cases of foreclosure, and that a great deal of time and effort is required to get the foreclosing bank or agency to cooperate in transferring the stock certificate.

John Hawkins said that he would prefer to continue with the stock certificates, but understands that circumstances are a lot different than they were in the days of forming the company. Aaron Clay agreed, saying at the time, stock certificates were a known structure and commonly used as proof of ownership. People knew to safeguard them, but this is not the case any more.

There was quite a bit of discussion. Herman Kline asked if discontinuing stock certificates would prevent more situations like the Frederick Busch conflict that occurred a month earlier. Dan Hawkins agreed that it was the existence of the stock certificate that was at the root of the disagreement. Hawkins was instructed to look at the articles of incorporation and the by-laws to see what changes would be required. Aaron Clay then left the meeting.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the July 13, 2011 minutes as sent to the board members
MOTION CARRIED with no opposing votes.

Financial Report:

Herman Kline asked about the refund to Ed and Shirley Stewart. Helen Hawkins explained that it was an over payment on the transfer from Burgess to Girardi. Stewart had a collateral assignment on the stock, and had been paying the bills.

Dan Hawkins pointed out the expenses for pipeline construction, which was on 2600 Road and North Road. The project is completed and paid for.

MOVED BY Lynn Oliver
SECONDED BY Dennis Grunkemeyer to accept the Financial Report for July.
MOTION CARRIED with no opposition

EOM Report:

Dan Hawkins said there has been heavy usage on the system. It is expected that if August is dry, there will be a lot of water used this month as well.

Redlands Mesa Egg Farm:

Dan Hawkins reported that the egg farm application was turned down by the Delta County Planning Commission. The County Commissioners will make the final determination, and have not yet ruled on it.

Construction Report:

Dan Hawkins said the structure of the pipe shed is started. Steel posts have been erected, and the steel joists are mounted on them.

Budget Progress Report:

Dan Hawkins presented a line item progress report compared to the budget. Treatment plant maintenance was seriously underestimated. Hawkins said he had neglected to budget for the cleaning of the backwash pond. Generally, other expenses were in line with the budget forecast.

Herman mentioned the possibility of assessing a fee for improvements on the pipeline. There was a discussion of special assessments versus a raise in the base water charge. It was noted that costs of operation continue to increase, while there are no tap sales to provide for capital improvements. It will be impossible to undertake pipeline replacement without special assessments or an overall increase in water rates.

Meeting Adjourned at 8:30 pm.

Respectfully Submitted *Dan A. Hawkins*
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 3, 2011

Meeting called to order at 7:34 pm. Board members present were: Herman Kline, Ellis Fritchman, Lynn Oliver, Deborah Christner, Bryan Klaseen, Jerry Figueroa and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Lynn Oliver to accept the August 9, 2011 Minutes
MOTION CARRIED with no opposing votes.

Financial Reports:

MOVED BY Lynn Oliver
SECONDED BY Bryan Klaseen to accept August 2011 and September 2011 Cash Flow Reports.
MOTION CARRIED with no opposing votes.

EOM Report:

Bryan Klaseen asked about the fact that in August there were 1001 taps recorded but in September only 1000. Helen Hawkins explained that it was due to absorbing the Redlands Mesa Community Tap.

Redlands Egg Farm:

Dan Hawkins gave the Board copies of a section of the Development Agreement between Delta County and the proposed egg farm known as Redlands Mesa Layers. The farm is required to provide proof that USCDWUA will supply water for the operation.

Dennis Grunkemeyer said the farm should be aware that in the case of any failure of supply, the Board may restrict the amount of water. Dan Hawkins said he has discussed this with Kelly Yeager, the representative for the farm. It is planned to have a backup supply (wells), and Mr. Yeager has been informed verbally of the need for cross-connection prevention between two water sources.

Dennis Grunkemeyer asked if a reduced rate for agricultural use has been discussed. Dan Hawkins said the subject has not been discussed with any representative of the farm, but that a neighbor, Travis Jardon has expressed opposition to the agricultural rate in general. There was a great deal of discussion about reduced rates for the egg farm. It was agreed not to offer a reduced rate at the present time.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to write a letter to Redlands Mesa Layers and Delta County Planning stating the conditions for water service at the egg farm.
MOTION CARRIED with no opposing votes.

By-Laws/Articles of Incorporation Amendments:

Dan Hawkins gave the Board copies of proposed amendments to the bylaws and Articles of Incorporation that will need to be approved by the members in order to eliminate membership certificates. Hawkins said the changes have been reviewed and approved by Aaron Clay. The Board agreed to study the amendments and act formally on them at the next Board meeting.

Maintenance/Construction:

Tabor Road Line Break

A four-inch pipe split open for 20 feet due to a pressure surge. The cause was a split copper tube in the pilot system of an upstream pressure regulator. There was some discussion about the problems of copper tubing, as it seems to be less durable than in the past. Hawkins said the topic has come up at seminars in recent years, that other systems have been experiencing copper problems. He said that when rebuilding pilot systems on main line regulators, flexible plastic tubing is now being used in place of copper. It seems to hold up well.

Timothy Road Pipeline Replacement

A 700-foot section of 1 inch galvanized pipe was replaced with 2" polyethylene pipe. The line presently serves one tap, which has been out of use for more than 20 years, but is now being rehabilitated. The owner has expressed interest in connecting more taps in the future.

Pipe Shed

Hawkins reported the building is completed except for the roof.

Adjourned 10:15 p.m.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 14, 2011

Draft

Meeting called to order at 6:30 p.m. Board members present were: Herman Kline, Ellis Fritchman, Lynn Oliver, Deborah Christner, Bryan Klaseen and Dennis Grunkemeyer. Also present were Dan Olson, Dan Hawkins and Helen Hawkins. Herman Kline was acting president.

Minutes:

A correction was made in terminology. The board had discussed "reduced rates"

MOVED BY Deborah Christner

SECONDED BY Bryan Klassen to accept the October Minutes as corrected.

MOTION CARRIED with no opposing votes.

Financial Reports:

Bryan asked if the Burgess property as sold. Dan said no. Coffee Mesa was sold to Girardi.

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the October Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

The board looked over the EOM Report. Water usage is down from last year.

Egg Farm:

The board looked over the egg farm letter. The egg farm is probably not going to happen. Dan hasn't heard anything.

Tap Request. Rimrock Road:

Dan Olsen has lived in this home using a well for 8 or 9 years. The water tap is about .3 miles from the top of the hill and 1 miles from the bottom. The pipe would follow the road. It is 2000 feet. It will be a tough job at the top because of rocks. The pipe is on the east side of the road. This line will be for the benefit of the company. It could provide water for the lower part of Redlands Mesa if the main line breaks. Bryan asked the size: It would be a 6" line. The goal is not to be a loop. There would be no issue in serving. It would be PVC. Dennis asked about a pressure regular. There would be a pressure regular. The cost is \$10 feet. Olson left. The board discussed water in escrow of Kautsky and Ray Fry

There was a discussion of the cost. We are suppose to get 2 taps from Lance Rundal who bought Penland property and has signed water stock for water.

Dennis asked that Rundal may do the work.

Dan suggested that Olson pay the equivalency of 2" pipe.

The EOM Report was discussed. Water use is down.

MOVED BY SECONDED BY Bryan Klaseen to approve the tap for Dan Olson. The company will pay for the line with help from Dan Olson. Olson will pay for the equivalency of a 2" pipe.

MOTION CARRIED with no opposing votes.

Chinn Water Company:

No one showed up from the Chinn Water Company. The board discussed the problem. Orchard City is putting new restrictions on the Chinn Water Co. They need back flow protection that the State is requiring. There are 15-20 taps. The nearest line to the Chinn Company is 600 feet from the north. This is a 4 inch line. There would be no problem with capacity to serve to community. There was a discussion about the problems Chinn Company would have installing the back flow equipment. The members of the Chinn Water Company would have to bring water and pay \$10,000 for each tap.

Dennis asked if there would be a safety issue for USCDWUA if the company took on Chinn Water Co. Dan said that we would have to be sure. Hosea Richard worked on the water system for Chinn. USCDWUA would have to inspect the system carefully

Bylaws/Articles of Incorporation Amendment:

Preliminary Budget Proposal:

Other:

Billy Varner called about a tap for Randy Varner.

Two possible routes.

Along side an existing line on West's road. West's pipe ¾" PVC. Time Peterson built it. 300-400 feet.

Bryan suggested a route from Billy's line which is a 1" PVC line. Put in 1991. Billy and Randy will pay for the line.

Respectfully Submitted

Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 5, 2011

Meeting called to order at 6:30 pm. Board members present were: Herman Kline, Jerry Figueroa, Ellis Fritchman, Lynn Oliver, Deborah Christner, Bryan Klaseen and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Dan Hawkins read the minutes of the November 14, 2011 Board meeting.

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the November 2011 minutes as read.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the November Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported monthly usage was slightly more than last year, probably due to some leaks that were discovered and repaired. One new water tap was sold, to Dan Olson on Rimrock Road along the grade on Redlands Mesa.

Water Credit Accounts:

Dan Hawkins reported that Mark Welsh has requested to be allowed to place water in a credit account without buying a tap, for the purpose of selling it to tap applicants. The Board discussed, and agreed that this should only be done with a special contract, as we currently have in effect for Ray Frey and Mark Kautsky.

Hawkins reported that Frey and Kautsky have both agreed to lower their asking price from \$6,000 per acre-foot to \$4,000 per acre-foot. Ray Frey was the first to agree to do so. Dan Olson purchased an acre-foot from the Frey contract to apply to his new tap.

Anne Sievers has $\frac{3}{4}$ acre foot of water in a credit account. She does not want to sell this water as she may need to purchase a tap in the future. She has inquired if the expiration date of her account could be extended. She also asked hypothetically to move her uninstalled tap to another place on her property if she sells a portion of her ranch. The board expressed no opposition, but agreed to wait until concrete proposals were received from Ms. Sievers before making commitments.

Construction and Maintenance:

Dan Hawkins reported that two leaks on Surface Creak Road were repaired. One was a failed glue joint on 3-inch pipe, another was a misaligned dresser coupling on 2-inch pipe.

There were also two leaks in pressure regulating vaults. Both were due to small diameter copper tubing which failed at flared fittings. The copper was replaced with plastic tubing, which so far seems to be successful.

A new six-inch line was constructed on the east side of Rimrock Road to serve the Dan Olsen tap. A four-inch road crossing was installed to connect the Olsen tap and to serve possible future demand on that side. The cost is expected to exceed \$20,000. It was very rocky terrain.

Budget:

The board reviewed a proposed 2012 budget prepared by Dan Hawkins. After discussion, it was

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to present the proposed budget to the shareholders at the Annual Shareholders meeting.

MOTION CARRIED with no opposing votes.

Annual Meeting preparation:

Bryan Klaseen, Dennis Grunkemeyer, Lynn Oliver and Ellis Fritchman are at the expiration of their terms on the Board. None of those individuals declined to serve another term if nominated.

Other:

It was agreed to ask attorney Aaron Clay to attend the meeting to assist with the proposed bylaws change.

Meeting adjourned at 8:15 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 12, 2012

Meeting called to order at 6:35 pm. Board members present were: Herman Kline, Jerry Figueroa, Ellis Fritchman, Lynn Oliver, Deborah Christner, Bryan Klaseen and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the December 5, 2011 Minutes as sent to the board members.

MOTION CARRIED with no opposing votes.

Financial Reports:

The board reviewed financial reports for December 2011, January 2012 and February 2012.

There were two new taps sold to Lance Rundle on Redlands Mesa.

New software was purchased to enable sending water bills by email. The cost was \$500.

MOVED BY Herman Grunkemeyer

SECONDED BY Lynn Oliver to accept the December 2011, January 2012 and February 2012 Cash Flow Reports.

MOTION CARRIED with no opposing votes.

EOM Report:

The board reviewed a report of transfers and new members. It was noted that the property where there is a proposed egg farm on Redlands Mesa has been transferred to Greg Hostetler, who reportedly does intend to proceed with the egg farm. There was discussion of an ongoing lawsuit over a similar operation in the North Fork area.

Coalby Water Company:

Dan Hawkins reported a request from Buckley Peterson of Coalby Domestic Water Company. Francis Winston is the current operator for Coalby. He is a contract operator, who services other companies besides Coalby. Mr. Winston intends to retire some time in 2013. Coalby is now actively looking for a replacement operator. Buckley Peterson asked if USCDWUA will take over the contract. Hawkins said Coalby has 127 taps, which is 12.7% of the size of USCDWUA. He multiplied the USCDWUA budget for labor, vehicle, and office by 12.7% to estimate the additional cost of operating the Coalby system. The result was approximately \$24,000. The current contract between Coalby and Francis Winston is \$30,000. A copy of the contract was available at the meeting. The Board discussed :

- Liability
- Possible need to hire another employee
- Possible effect on USCDWUA non-profit status
- Willingness of USCDWUA operators to take on the additional workload
- Possible benefits to USCDWUA members.

Ellis Fritchman said he felt the small margin between cost and the revenue from the contract is not worth the potential drawbacks. Bryan Klaseen said he believed the offer is worth pursuing. Lynn Oliver suggested tabling the issue. Dan Hawkins said Coalby probably needs an answer soon, as USCDWUA is the only entity they have contacted so far.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer that USCDWUA does not agree to operate Coalby.

MOTION CARRIED six ayes and one nay.

Redlands Mesa Community Organization:

A check of \$300.00 has been sent to Nomi Gray of the Redlands Mesa Community Organization, in reimbursement for the organization's water tap, which has been absorbed by USCDWUA. Free basic water service will be granted to the Redlands Grange as they are now the community's activity center.

Transfer Fee:

There was discussion about whether or not the company should lower the fee for cases where a spouse or other name on an account has departed. Jerry Figueroa suggested we just change the name on the account. Dan and Helen Hawkins both argued for continuing to require a Membership Application because it also serves as a contract. After further discussion, it was

MOVED BY Herman Kline
SECONDED BY Bryan Klaseen to leave the fee at its present \$ 50 in all cases.
MOTION CARRIED with no opposing votes.

Water Treatment Maintenance:

Dan Hawkins said the clearwell overflowed at the treatment plant for two days. Because the overflow line runs underground to the backwash pond, it went undetected except for the increased water use. It was at first thought to be a leak in the distribution system. The reason for the overflow was failure of an electronic level sensor which slows down the treatment plant as the clearwell gets full. There was a spare on hand, so the repair went quickly

Hawkins also reported that some air-actuated automatic valves in the plant need replaced. Parts are on order.

Cedar Mesa Ditch:

Jerry Figueroa proposed that a winter domestic water decree for Cedar Mesa Ditch that is presently unused might be useful to USCDWUA. He suggested that the C.M. Ditch apply for an alternate point of diversion at the USCDWUA treatment plant intake. The water could then be treated and delivered to Cedar Mesa Ditch and its use recorded to make sure that the decree does not become abandoned.

MOVED BY Bryan Klaseen
SECONDED BY Lynn Oliver that USCDWUA pay for and approve application for an alternate point of diversion of the Cedar Mesa and Lone Pine ditches.
MOTION CARRIED with no opposing votes.

Sale of Reservoir Easements:

Surface Creek Ditch & Reservoir will have a stockholders meeting March 31 to discuss the sale of easements for two breached reservoirs. Dan Hawkins is on the board representing USCDWUA, and will attend the meeting.

Pay Raise:

The board asked for a report of employee pay scales and history of raises for the next meeting.

Meeting adjourned at 8:45 p.m.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 9, 2012

The meeting was called to order at 7:32 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Three amendments were offered to the minutes that were distributed before the meeting: (1) the name Herman Grunkemeyer was corrected to Herman Kline; (2) a phrase, "who reportedly does intends to" was reworded to "who reportedly intends to"; (3) a motion to support an application for alternate point of diversion was only for the Cedar Mesa Ditch, not for the Cedar Mesa and Lone Pine Ditches.

MOVED BY Dennis Grunkemeyer
SECONDED BY Herman Kline to accept March 12, 2012 Minutes as corrected.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Lynn Oliver
SECONDED BY Dennis Grunkemeyer to accept the March Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Twenty taps used more than 100,000 gallons over the five-month winter period. System usage was one million gallons greater than in March of 2011.

Pressure Problem at Mike Capuano Tap:

Dan Hawkins reported that there are recurring episodes of low pressure at the Capuano home located north of Ute Trail Road. The home is located at a high elevation, and has a pressure booster pump installed, because the low pressure was known at the time of construction.

The home was built on the upper lot of a subdivision done by Ben Faber. At the time of the subdivision application, USCDWUA sent a letter to the county stating that adequate pressure could not be delivered to the highest elevations of the lot, but that adequate household pressure could be provided to a meter at the lower end of the lot. Measurements at the meter have consistently shown 50-60 psi available there. Hawkins said he has been able to barely satisfy Mr. Capuano by increasing the main line pressure along Ute Trail Road, but that this is building dangerously high pressure along 2375 Road, which is at a lower elevation.

Hawkins suggested to the Board that it could benefit both Capuano and the system if a new pressure regulating station is installed on 2375 Road, which would allow further pressure increases on Ute Trail without endangering lower stretches of pipeline. The cost would be roughly \$3,000. After discussion, it was

MOVED BY Jerry Figueroa
SECONDED BY Herman Kline to go ahead with the pressure regulating station.
MOTION CARRIED with no opposing votes.

Employee Compensation:

Dan Hawkins presented a chart showing current pay and benefits for employees, with a five-year history of pay raises. Dennis Grunkemeyer asked how this compared with other companies. Hawkins said it is hard to determine, because published compensation surveys for the water industry combine all systems with populations under 100,000. He said he believes that a typical nationwide average pay for a lead operator with the rating and experience of Dayton Myers is about \$45 to \$55 thousand per year.

Surface Creek Ditch & Reservoir Meeting:

The Surface Creek D&R shareholders voted down a proposal to sell the reservoir easements at two unused sites. Dan Hawkins said he had voted for the proposal, as he felt the money from the sale could be put to immediate use. The corporation offering to buy the easements planned to use them in wetlands negotiations with government agencies. There was some feeling expressed by shareholders that the easements would have the same benefit to Surface Creek D&R, which is probably the reason the proposal was defeated.

Lynn asked Jerry about the status of the proposed Cactus Park Reservoir. Jerry said that the proposed site has been modified. He said there has been a lot of misunderstanding and incorrect information expressed by opponents. It is presently on hold, due to the prohibitive cost.

Alfalfa Ditch water use:

Dan Hawkins reminded the Board of two water exchange agreements currently in place. The first is a written agreement with the town of Orchard City. This agreement allows the use by USCDWUA of 20 shares of Alfalfa Ditch. This water is not useable by the Orchard City Treatment plant, although it is decreed with a domestic water use code.

A secondary unwritten agreement concerns the same 20 shares of Alfalfa Ditch. Most years, USCDWUA does not need to use this water. It is therefore traded to Ellis Fritchman for 12 shares of Surface Creek Ditch and Reservoir water, which is important to have later in the year. It was discussed whether this arrangement should be formalized in writing. It was decided to leave it as is, because the Company's ability to honor the trade may vary depending upon the water supply.

Jerry Figueroa said we will have better picture of our water supply in May. As of now the situation is not good.

Show and Tell:

Dan Hawkins showed the board a new metering device to measure water flow anywhere we have a Cla-Valve brand pressure regulator, which includes most of our main line regulator stations. The cost was \$1,800. The device provides an electronic signal which can be relayed to our shop by radio. This unit will be installed on the Lone Pine line to monitor flow toward Redlands Mesa.

Meeting adjourned at 9:00 p.m.

Respectfully Submitted

Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 14, 2012

The meeting was called to order by President Figueroa at 7:32 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept minutes of the April 9, 2012 Board of Director's meeting as written and distributed before the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out a large purchase of coagulant chemical for the treatment plant. He also noted the purchase of three new Cla-Valve pressure regulators for installation at several points on the system.

Hawkins also said the recent sale of several foreclosed properties had reduced the number of locked off taps.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the April cash flow report

MOTION CARRIED

EOM Report:

Dan Hawkins reported a large difference between plant production and metered usage. This is probably due to several leaks that were discovered during the month.

Leak Repairs and Other Maintenance: Dan Hawkins reported these situations:

Redlands Mesa altitude valve: Hawkins reviewed the operation of the two tanks on Redlands Mesa. Filling of the lower tank is controlled by an "altitude valve" that senses water depth. The altitude valve closes when the tank is full, and opens when the tank has dropped about two feet in depth. When the valve is closed, the pressure in the pipeline increases, allowing the upper tank to fill. The upper tank spills when full. The altitude valve has operated since 1980 without any service. It malfunctioned and was rebuilt.

Treatment plant air compressors: There are two air compressors that operate in parallel. A problem with the cooling system of the #1 compressor has kept it off line for two weeks, while various parts were ordered and replaced. The problem still exists, and more parts are on order. The plant will operate with only one compressor, but it has to run twice as much.

Hawkins said the compressors are made by Atlas-Copco, a European company. They were supplied as part of the treatment plant package by Pall corporation. Both compressors have accumulated around 4,500 hours of operation.

Q-25 Road leak: This leak was reported by hikers. It runs cross-country starting at the intersection of Q-25 and 2600 Roads. It is a four-inch PVC line with glue joints. A joint had a glue failure. This is a common occurrence on this pipeline.

Surface Creek Road leak: This was the same same type of glue joint failure as the Q-25 Road leak. It occurred about ½ mile north of Tannin Road, and involved a three-inch PVC pipe. This has ppened numerous times on this stretch of pipeline.

T 50 Road leak: This was a rust pinhole in a galvanized pipe between the main line and a meter. The leak happened while Dan and Helen Hawkins were on vacation. Dayton and Tim repaired it.

Office equipment:

Dan Hawkins reported that a new (used) computer was purchased for his office. The old computer still functioned, but had no more disk drive capacity.

Hawkins said he purchased three Delorme hand-held GPS units for \$145 dollars each. They seem to work well, except for altitude reporting, which is not accurate.

Also, Hawkins said the the office copier, which has been in service since 1996, is making a lot of noise and is starting to jam paper. It is probably time to replace it.

Surface Creek Ditch & Reservoir Meeting:

Dan Hawkins reported that the Board of Surface Creek Ditch and Reservoir called for another vote on the question of whether to sell the reservoir easements for those sites known as Star and McCullough. The second vote is because of a changed offer from the buyer with terms more favorable to Surface Creek. Hawkins said he has been told that the vote will probably fail again.

The buyers intend to place the reservoir sites into a wetland conservation easement with the idea that they may have trading value to mitigate other projects that affect wetlands. No water rights are affected by the proposed sale. The reservoirs have not stored water since around 1935. The storage rights have been transferred to other reservoirs in the system. It is the belief of the Surface Creek Board that it will never be practical to rehabilitate the two reservoirs because of the presence of fens, and the strictive regulations applied to them.

Other:

The Blair and Company CPA review was handed out to the Board. No accounting problems were reported.

Dan Hawkins said that Coalby Domestic Water is still looking for an operator. Dayton has agreed to fill in for their present operator when he takes a vacation next month.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 14, 2012

The meeting was called to order by President Figueroa at 7:32 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept minutes of the April 9, 2012 Board of Director's meeting as written and distributed before the meeting.

MOTION CARRIED with no opposing votes

Financial Report:

Dan Hawkins pointed out a large purchase of coagulant chemical for the treatment plant. He also noted the purchase of three new Cla-Valve pressure regulators for installation at several points on the system.

Hawkins also said the recent sale of several foreclosed properties had reduced the number of locked off taps.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the April cash flow report

MOTION CARRIED

EOM Report:

Dan Hawkins reported a large difference between plant production and metered usage. This is probably due to several leaks that were discovered during the month.

Leak Repairs and Other Maintenance: Dan Hawkins reported these situations:

Redlands Mesa altitude valve: Hawkins reviewed the operation of the two tanks on Redlands Mesa. Filling of the lower tank is controlled by an "altitude valve" that senses water depth. The altitude valve closes when the tank is full, and opens when the tank has dropped about two feet in depth. When the valve is closed, the pressure in the pipeline increases, allowing the upper tank to fill. The upper tank spills when full. The altitude valve has operated since 1980 without any service. It malfunctioned and was rebuilt.

Treatment plant air compressors: There are two air compressors that operate in parallel. A problem with the cooling system of the #1 compressor has kept it off line for two weeks, while various parts were ordered and replaced. The problem still exists, and more parts are on order. The plant will operate with only one compressor, but it has to run twice as much.

Hawkins said the compressors are made by Atlas-Copco, a European company. They were supplied as part of the treatment plant package by Pall corporation. Both compressors have accumulated around 4,500 hours of operation.

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Also, Hawkins said the the office copier, which has been in service since 1996, is making a lot of noise and is starting to jam paper. It is probably time to replace it.

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Dan Hawkins reported that the Board of Surface Creek Ditch and Reservoir called for another vote on the question of whether to sell the reservoir easements for those sites known as Star and McCullough. The second vote is because of a changed offer from the buyer with terms more favorable to Surface Creek. Hawkins said he has been told that the vote will probably fail again.

The buyers intend to place the reservoir sites into a wetland conservation easement with the idea that they may have trading value to mitigate other projects that affect wetlands. No water rights are affected by the proposed sale. The reservoirs have not stored water since around 1935. The storage rights have been transferred to other reservoirs in the system. It is the belief of the Surface Creek Board that it will never be practical to rehabilitate the two reservoirs because of the presence of fens, and the strictive regulations applied to them.

Other:

The Blair and Company CPA review was handed out to the Board. No accounting problems were reported.

Dan Hawkins said that Coalby Domestic Water is still looking for an operator. Dayton has agreed to fill in for their present operator when he takes a vacation next month.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins

Site adress	Owner's name	Site ID#	Phone
17825 Surface Creek Rd.	Olin	1	856-3900
920 E. Indian Camp Ave.	Brave	2	856-3612
19068 Surface Creek Rd.	Randlett	3	856-3992
24095 Parkwood Ln.	McKean	4	856-7678
24629 Ute Trail Rd.	Brantly	5	856-8701
24207 Valley View Cr.	Miley	6	856-7134
24262 Mesa View Ln.	Wilson	7	856-3465
24436 Cedar Mesa Rd.	Clark	8	856-2302
24574 Cedar Mesa Rd.	Faber, Bror	9	856-6562
26148 Redlands Mesa Rd.	Hawkins	10	835-3271

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 11, 2012

Meeting was called to order at 7:32 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the May 14, 2012 Board Meeting minutes as written and delivered to the board members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Board reviewed the cash flow report for May 2012, and a mid-year budget check. Dan Hawkins reported that expenses are slightly more than 50% of the budgeted amount, while income is slightly less than 50%. He said this is typical for every year, because expenses tend to be heavy in the first half of the year, while water revenues are light. Lynn Oliver asked how many taps are not installed, Hawkins said about 80.

Dennis Grunkemeyer said that a neighbor being served by the 2 ½" iron line on Peach Road mentioned that he is not getting enough pressure. Hawkins suggested that a plugged pressure regulator screen may be the cause.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the financial reports.

MOTION CARRIED with no opposing votes

EOM Report:

Dan Hawkins said the total system demand is much greater than what is registered by the individual meters, causing concern that there may be an undiscovered leak. Next month will show that the fire on Surface Creek Road used a lot of extra water. There was a discussion about the fire. Telephone contact with the plant was lost during the fire so crews stayed at the treatment plant until service was restored. There is a fire hydrant at the plant, and fire hoses are on hand to protect the area around the plant.

Leak Repairs and Other Maintenance:

The failed air compressor at the treatment plant was fixed by replacing a thermostat.

A chemical injection pump which adds sodium thiosulphate to the backwash pond failed. While it was repaired, the chemical was added by hand to stay within State discharge requirements.

Lead and copper testing will begin soon. Ten samples are to be taken by customers.

Surface Creek Ditch & Reservoir:

Dan Hawkins reported that the Board of Surface Creek D & R has accepted a third offer to buy the reservoir easements for Star and McCullough reservoirs. The company making the offer is attempting to establish a "wetland bank" to buy and sell fens and other wetlands which interfere with water storage or other projects. The terms of the offer were:

- Cash purchase price of \$55,000
- \$1,000 non-refundable payment to cover expenses incurred by Surface Creek because of the offer.
- If the wetlands bank is not authorized or recognized by government agencies, that is, the fens become unusable to the buyer, Surface Creek may buy back the easements for the price of one dollar.
- Surface Creek receives 10% off the top of any sale of wetlands made by the wetlands bank.

Other:

Bryan Klaseen made a proposal to the board that USCDWUA use his 10 shares of Leon Lake Ditch and Reservoir and deliver it to his meter for the cost of treating that water. He is expecting to require about 200,000 gallons per month for the Klaseen Dairy, starting when the irrigating water for Redlands Mesa is gone, possibly in July.

Dennis Grunkemeyer asked if we have enough water for this year. Hawkins said this year is covered, but another dry winter will make us short next year.

Jerry Figueroa calculated that the 10 shares of Leon is equal to about 850,000 gallons. Hawkins estimated the treatment cost currently would be \$400 - \$500.

MOVED BY Dennis Grunkemeyer

SECONDED BY Ellis Fritchman to provide Klaseen with water credited to Leon Lake, and charge the normal base rate for 7,500 gallons and charge the estimated cost of treatment for the water used over the base.

MOTION CARRIED with six ayes. Klaseen abstained

Dan Hawkins reported that Anne Sievers has a water credit account started in 2007, which is due to expire in August this year. She has requested that the Board extend that account.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to extend the Sievers water credit account for another 5 years.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:50 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 13, 2012

The meeting was called to order at 7:30 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to approve the minutes of the June 2012 Board Meeting as provided to the Board Members before the meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

The Board reviewed cash flow reports for June and July 2012.

The question was asked which is "Pump Station One." Dan Hawkins explained that it is on the upper end of Redlands Mesa, serving the Boyle and Anderson taps, which are at a higher elevation than the upper Redlands tank. Each of these customers is billed with a \$20 surcharge each month to pay for electricity and maintenance. This station directly provides pressure to the taps with a captive air pressure tank.

Pump Station Two is on Wilbanks Mesa, serving Meyer and Gloria taps. The pump operates at a low flow and fills an elevated cistern, which provides the pressure for the two taps.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the June 2012 and July 2012 Cash Flow Reports

MOTION CARRIED with no opposing votes.

EOM Report:

Dennis Grunkemeyer asked if water usage is increased this summer. Dan Hawkins said June was exceptionally heavy, but was reduced somewhat in July. It was assumed that high water bills for June caused some moderation in July.

Treatment Plant Maintenance:

Leaking backwash tank: Dan Hawkins reported that the polyethylene tank on skid "A" has cracked again in the same corner where it has been twice repaired by plastic welding. Because welding requires the skid to be out of service for at least a half day, our crew tried a couple of quick fixes. First was Gorilla Tape, applied inside the tank at the leaking corner. It failed. Next was a special caulk that sticks and cures when wet. It did stick and cure, but the leak persisted – evidently coverage with the caulk was not complete. Last, a strip of inner tube was placed against the leak on the outside, and clamped in place by hammering aluminum shims between the rubber and the steel frame that holds the tank. So far, the leak is dried up.

Bryan Klaseen said he remembered that Craig Busch had been consulted about building a stainless steel liner for the tank. Hawkins said that a quote was received from Busch. It was about the same as the quote from Pall Corporation for a new plastic tank, around \$5,000.

Flow control valve failure and replacement: Hawkins described difficulties replacing a failed pneumatic actuator for the main flow control valve on skid "A." The parts kit supplied by the

vendor in Denver was incomplete, holding up the project for ten more days. The new valve is finally in place and functioning okay.

Solenoid valve failure in the chlorine dioxide system: An electrically operated valve in the chlorine dioxide system has failed. The system is still operating, with a manual bypass around the failed valve. A new valve is on order from the system manufacturer, CDG Technology. Hawkins said that on the whole, the chlorine dioxide system has given very little trouble.

Distribution System Maintenance:

TDS Telephone fiber optic cable installation: Hawkins reported that TDS Telecom has started a project to install fiber optic cable along North Road from Harts Basin to Redlands Mesa Road, then along Redlands Mesa Road to Rimrock Road. The total distance is about six miles. Some of the USCDWUA pipelines on the route were installed in 1980 with no tracer wire for electronically locating them. Our crew has spent considerable time with the backhoe finding the pipelines by digging them up. So far, one pipeline has been cut by Bear Communication, the TDS contractor. The line served John Hawkins, and had been accurately marked.

Hawkins said the TDS representative on the job said the project is from a federal stimulus program to provide broadband internet/TV/phone connections in rural areas.

Heavy use on Redlands – end of irrigation water: Hawkins said most of the irrigation water for Redlands Mesa has run out. The result is that use of the domestic system has increased noticeably.

Lead and Copper Testing Results:

Hawkins reported that test results showed one location exceeded the maximum allowed level of lead. This does not constitute a violation, because two out of ten samples must exceed the maximum to make a violation. On questioning the customer, it was found that sampling instructions were not followed. A seldom-used tap in the basement was sampled, instead of a kitchen or bathroom sink. It has been decided to use an alternate site in the future, as the same problem occurred at this site two years ago.

Water Supply & Quality:

Current stored water reserves: Hawkins said there is adequate stored water to finish the year without imposing restrictions. He said he believes that if the drought continues over the winter there could be serious shortages next summer.

Persistent algae blooms, filter plugging: Warm temperatures and lots of sunlight have encouraged algae in the reservoirs on Grand Mesa. This has been experienced for a short period in past summers, but this summer there have been repeated and long-lasting blooms. This has required chemical cleaning of the filters two or three times per day. Normally, this only needs to be done once every two weeks. The consequences have been extra time spent at the plant, extra chemical purchases, and reduced plant output.

Meeting adjourned at 8:45 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 17, 2012

The meeting was called to order by President Jerry Figueroa at 7:30 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the minutes of the August 2012 Board Meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Herman Kline

SECONDED BY Brian Klaseen to accept the August 2012 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

September tap transfer activity and system usage were reviewed.

New Tap Requests:

Dan Hawkins reported that two applications for new taps were received. John Hammerick owns property on Surface Creek Road about ½ mile south of the treatment plant. The property is on the east side of the road, and the USCDWUA 6-inch main pipeline is on the west side. To avoid cutting the road, Hawkins proposed connecting Hammerick to an existing two-inch pipeline already crossing the road at the north end of the Hammerick property. The two-inch pipeline was originally installed to serve the Herman McDonald tap, which is the next parcel north of Hammerick. This line was taken out of service when the treatment plant was built, and McDonald was reconnected to a higher pressure line coming from the plant. Hawkins gave Board members a map illustrating the pipeline and property location.

The elevation of the Hammerick property will result in a pressure of only about 25 psi. When McDonald was using the line, water was delivered to a cistern, with a customer owned pump to provide adequate pressure. Hammerick has been advised of the low pressure available, and has agreed to be responsible for a pressure boosting system if required.

MOVED BY Jerry Figueroa

SECONDED BY Brian Klaseen to approve the purchase of the tap and connect it to the old McDonald pipeline.

MOTION CARRIED with no opposing votes.

Hawkins then gave the board another map illustrating the location of the main pipeline going to Cactus Park, where Cassandra White owns property. Ms. White has applied for a tap and has agreed to pay for a main pipeline extension of about 250 feet to reach her property. The main line is a 2½ inch galvanized pipe. Hawkins proposed to construct a 1½ inch HDPE line from the main line westward to Cactus Park Road, crossing the road to install a meter on White's property.

The new pipeline will cross property owned by Brett and Monica Wilcox. They have agreed to grant a right-of-way easement to the Association for the new line.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to approve the purchase of the tap providing she pays for the construction of the new USCDWUA line, and uses a contractor approved by the manager.

MOTION CARRIED with no opposing votes.

Distribution System Maintenance:

TDS/Bear Communication fiber optic project: Hawkins said this has been nothing but trouble. Three USCDWUA pipelines have been broken. A large amount of time has been spent chaperoning the project to prevent even more damage. An irrigation pipeline has been broken three times in the space of 600 feet.

Leak on Hanson Road: This one occurred on a Sunday. A small split opened on a 1970 plastic pipe, caused by lying on a rock.

Leaks – Cactus Park Road and Redlands Mesa: Both caused by a copper flare failure of the type seen more frequently over the past five or six years.

Water Quality:

Hawkins reported serious problems treating the raw water available in Surface Creek. Algae has accumulated in all bodies of water on Grand Mesa, due to warm temperatures and abundant sunshine. Recently, the algae load has increased to the point that filters clog every few hours, requiring chemical cleaning which take a skid out of service for an hour or more. The result is that the capacity of the treatment plant has decreased by half. Hawkins expects taste and odor problems to intensify. Possible corrective actions were discussed:

- Install more filtration capacity. Hawkins estimated the cost would exceed \$250,000.
- Attempt to control algae by copper sulfate or other means in the reservoirs. Permitting problems are foreseen.
- Utilize more spring water. This led to a discussion of building an alternate raw water pipeline from above the Cedaredge treatment plant down to a point where it could feed the USCDWUA plant. Jerry Figueroa pointed out that the Association still owns 20% of the raw water collection system, and still has rights to divert our flow water decree from springs.

After extensive discussion, it was

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver that the Manager write a letter to the Town of Cedaredge proposing a joint project to upgrade the raw water collection system, and connecting USCDWUA to it. Said letter is to be reviewed at the next Board Meeting.

MOTION CARRIED with no opposition.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 8, 2012

The meeting was called to order at 7:35 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Dennis Grunkemeyer, and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Dennis Grunkemeyer pointed out that he did not attend the September 17 meeting, and was incorrectly credited with a motion to approve minutes. It was determined that Lynn Oliver had actually made that motion.

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the minutes of the August 2012 Board Meeting as corrected.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out that \$8,000 is owed to Ray Frey and Mark Kautsky for water shares purchased on their contracts. The shares are for new tap owners Cassandra White and John Hammerick, who paid USCDWUA for them at the time of tap purchase.

Hawkins also noted that the cost of chemicals for cleaning the treatment plant membranes is high due to excessive algae in the water, which causes the filters to plug rapidly.

MOVED BY Lynn Oliver

SECONDED BY Dennis Grunkemeyer to accept August 2012 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Two new taps were sold, bringing the total sold for the year to four. Total system demand for September was virtually the same as for September of last year.

New Construction:

Pipe line across Cactus Park Road : Dan Hawkins reported that 250 feet of 2" pipeline was constructed as an Association line for Cassandra White's new tap. Mrs. White paid for the pipeline. She also put in about 600 feet of line from the meter to her house.

Pressure regulator vault, on Surface Creek Road : Hawkins reported the construction of a new pressure regulating station on Surface Creek Road 2½ miles north of the Rodeo Grounds. The regulator reduces pressure on a half-mile stretch of PVC pipeline which had been operating at a pressure over 220 psi, and had developed leaks in joints.

Pressure regulator vault, Ute Trail Road : Hawkins reported that construction has begun on a new pressure regulating station on a four-inch PVC line north of Ute Trail Road in the Timberline Subdivision. This regulator will reduce pressure on the line running west on Ute Trail Road, which currently operates at about 210 psi. Another station is planned at the intersection of Ute Trail and 2375 Roads. It will function as a pressure sustaining and regulating combination. The intent will be to hold a certain minimum pressure on Ute Trail Road, while holding a maximum pressure along 2375 Road, which slopes steeply downhill. These two new stations will permit the removal of an existing regulator on Ute Trail which is housed in a decrepit and dangerous vault.

Distribution System Maintenance:

Leak, Indian Camp Avenue: A plastic coupler on a 1½ inch PVC pipeline developed a pinhole leak. The coupler is of a type that have given us plenty of problems in the past as they often split completely apart. This one, however, was repaired with a stainless steel clamp.

Leak, 2600 Road : A one-inch galvanized pipe that is no longer serving any taps began leaking under the pavement at 2600 and Peach Roads. The problem was solved by plugging the line at the location of an abandoned meter on Peach Road which used to serve Ed Badding before his tap was moved to a new 4 inch PVC line on 2600 Road.

This brought up a discussion of the need to replace and upgrade the remainder of the galvanized line existing on Peach Road. It runs through a seepy area, and may in fact be leaking, but it is hard to tell because of the seep water.

Water supply & Quality:

Current stored water reserves: Dan Hawkins estimated that the Association still has 100 acre feet of stored water available.

Taste and odor: Hawkins reported numerous complaints about the taste and odor caused by excessive algae that has developed in reservoirs this summer. Several possible actions were discussed:

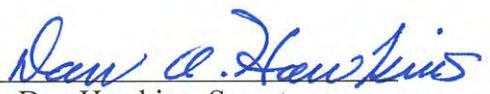
- Treat the source water with an algicide. Traditionally copper sulphate has been used, but there is doubt that this would be permitted today.
- Install activated charcoal filters at the treatment plant. The cost and space requirements of such a system is unknown. Charcoal has to be replaced periodically.
- Provide individual charcoal filters to customers. It is unknown whether, under law, the Association would then have to assume responsibility for the operation and maintenance of those filters.
- Purchase water from the Town of Cedaredge. Dan Hawkins said he had discussed this option with Dave Smith, the Public Works Supervisor. Smith said the Town already did not have enough spring water in the collection system, and was augmenting with reservoir water. This was beginning to create a taste and odor problem for the Town also.
- Upgrade the jointly-owned collection system to have the capacity to provide for USCDWUA needs in case of another taste episode, fire, or other failure of our supply. Dan Hawkins gave the Board a draft letter to the Town proposing this. After discussion, it was

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to submit the letter to Cedaredge as written.

MOTION CARRIED with no opposing votes.

The meeting adjourned at 8:30 pm.

Respectfully Submitted, 
Dan Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 12, 2012

The Meeting was called to order by chairman Figueroa at 6:30 pm. Board members present were: Dennis Grunkemeyer, Deborah Christner, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Lynn Oliver

SECONDED BY Herman Kline to accept the minutes of the October 8, 2012 Board Meeting as written and sent to the Board.

MOTION CARRIED with no opposing votes.

Financial Report:

There was a discussion about the operation of the e-mail billing system. Dan Hawkins said the bills are generated on an Excel spreadsheet, then processed by a program called "pdf-explode," which is installed as a printer. The program sends emails based on the address contained within the bill.

Hawkins also reported that that the storage shed roof was finished by Tom Chevalier and Greg Carmack, who are contract carpenters.

MOVED BY Herman Kline

SECONDED BY Dennis Grunkemeyer to accept the October cash flow report.

MOTION CARRIED with no opposing votes.

EOM Report:

Hawkins reported that meters were not read in the month of October to allow time to complete some construction projects. Total system usage was almost exactly the same as October 2011. There were three tap transfers and no new taps were sold.

Budget projection:

The Board reviewed a preliminary fiscal year cash flow report and draft budget for 2013. For the year, one more tap was sold than forecast, for a total of four. There was a discussion about this year's episode of taste and odor of the water. Future problems might be prevented by improvements to the plant and/or the collection system. A cooperative project with the Town of Cedaredge to upgrade the spring collection system has been proposed in writing to the Town. There has been no formal written response, but a verbal commitments to discuss the idea have been made by Administrator Katie Sickles and Public Works Director Dave Smith.

There was a discussion about raising pay for the employees. Jerry asked that any Board member who wished to have a separate discussion on this topic to get in touch with him. There was also a discussion about raising rates. It was agreed that it could become necessary if plant or raw water collection improvements are planned.

New Construction:

Pressure regulating and sustaining station: At the intersection of Ute Trail and 2375 road, a new underground vault was built for the purpose of sustaining pressure on Ute Trail Road while also limiting pressure along 2375 and T50 Roads. This new station, along with another regulator installed further east on Ute Trail Road allowed the removal of a decrepit regulator vault situated between them. The old vault had been damaged by repeated flooding with irrigation water and was about to collapse.

Leak on Surface Creek road: About a mile north of the Rodeo Ground, a galvanized line began leaking under the pavement. The leak began in the late afternoon, and could not be found and repaired before dark. The next day, the leaking galvanized line was pulled out, with a new copper line attached. The job required all that day.

John Hammerick tap: Mrs Marilyn McDonald, a neighbor of Hammerick, allowed a small intrusion onto her property to connect the Hammerick tap to the unused line that had formerly served her tap before the treatment plant was built. This eased the job considerably, as the former plan had been to connect along the County road, where there were several telephone lines in the way.

The was a discussion of TDS/Bear Construction. The company is still working in our area, although USCDWUA has not had to devote full-time attention as in the past. They have had numerous mishaps with irrigation pipelines

Other

Jerry Figueroa reported that Bob Phillips, who served as Board President for 25 years, is suffering from cancer.

Respectfully Submitted: 
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 7, 2012

The Meeting was called to order by Chairman Figueroa at 12:00 noon at the Old Bakery Cafe. Board members present were: Dennis Grunkemeyer, Deborah Christner, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman. Also present was Dan Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the minutes of the November 12, 2012 Board Meeting as written.

MOTION CARRIED with no opposing votes.

Financial Report:

Items discussed on the November cash flow report were an order of coagulant chemical for the treatment plant, which occurs normally twice per year, and a large electricity bill for November, which represented two months due to the DMEA billing cycle.

MOVED BY Ellis Fritchman

SECONDED BY Jerry Figueroa to accept the October cash flow report.

MOTION CARRIED with no opposing votes.

EOM Report:

Hawkins reported that the system used 6.8 million gallons in November, which is about one million gallons more than the same month last year. There were five tap transfers in November, and no new taps were sold.

Budget

The Board reviewed a budget for 2013 prepared by Dan Hawkins. After lengthy discussion, it was

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to recommend the budget as prepared for adoption by the members at the annual meeting.

The Board also reviewed the State of the Association report as prepared by Hawkins. There was general discussion of the upcoming annual meeting. The directors whose terms were to expire agreed to be nominated to serve another term.

The meeting adjourned and lunch was served.

Respectfully Submitted:


Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Organizational Meeting
December 11, 2012

The Meeting was called to order by Chairman Figueroa at a 8:50 pm following the Annual Membership meeting at the Cedaredge Community Center. Board members present were: Dennis Grunkemeyer, Deborah Christner, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman. Also present was Dan Hawkins.

Jerry Figueroa asked for nominations for officers to serve in 2013 Bryan Klaseen nominated Figueroa for Board President. The nomination was seconded by Dennis Grunkemeyer. There were no other nominations, and Gerald Figueroa was elected President unanimously.

Dennis Grunkemeyer nominated Herman Kline to serve as Vice President. Bryan Klaseen seconded the nomination. There were no further nominations, and Kline was declared elected unanimously.

Mr. Figueroa then asked for a motion to appoint a Secretary-Treasurer.

MOVED BY Bryan Klaseen
SECONDED BY Ellis Fritchman to appoint Dan Hawkins as Secretary-Treasurer.
MOTION CARRIED with no opposing votes.

Suggestions were received for the date and place of the Annual Board and . Dan Hawkins agreed to set it up and notify the Board and staff.

The meeting adjourned at 9:15 pm.

Respectfully Submitted: *Dan R. Hawkins*
Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
February 18, 2013

Board President Figueroa called the meeting to order at 6:30 pm. Board members present were: Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Dennis Grunkemeyer and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the minutes of the December 7th and December 11th Board meetings as written and mailed to Board Members before the meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

December 2012 and January 2013 cash flow reports were reviewed. Items discussed were a large order of envelopes with postage. Helen Hawkins explained that a postage increase is expected, so a year's supply of envelopes was ordered with "forever" stamps.

Dan Hawkins pointed out major expenses for chemicals in December and January, both of which will last about halfway through 2013. Hawkins also called attention to the large payment to Colorado Water Conservation Board. It is an annual loan payment, made each year in December.

MOVED BY Bryan Klaseen

SECONDED BY Deborah Christner to accept the Cash Flow reports of December 2012 and January 2013.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that both December and January system demands were higher than last year. He said there may be an undiscovered leak, or it is also likely that members are running some water constantly to avoid pipes freezing.

Distribution System Maintenance:

Dan Hawkins said the system experienced eight frozen meters, when normally it is one or two in a winter. Also, two main lines froze, one serving Hidden Mesa, and the other in Cactus Park serving taps owned by Gelner and Lauderbach. The Hidden Mesa line has thawed on its own. It did not cause any customer to be without water, because the two taps served by the line are inactive at this time.

The Cactus Park line caused two homes to be out of water. Service was provided temporarily by parking a trailer with water tank and pressure pump in a heated garage owned by Preston Lauderbach. Two sections of the pipeline were frozen. The first frozen section discovered was bypassed by a new line about 100 feet long, because the frozen section was under a road and shallow. The second section was also found under a road. It was too late in the

day to construct a bypass around it. Plans were made to do that the next day, and the excavated pipeline was covered with sand. The next morning, the line was found to be thawed, evidently warmed by the sand that was used to cover it overnight. The plan to build a bypass was canceled, and a bleed was installed in an unused meter pit to keep water running for the rest of the winter.

Hawkins asked if the Board thinks a new pipeline should be built to the Lauderbach and Gelner taps. The pipe is 2-inch PVC, installed in 1996. It has never frozen before. After discussion, it was decided to start a bleed on the line each winter until finances permit a more permanent solution.

Hawkins reported that the sewage leach line at Association headquarters also froze, stopping all use of the drains. The septic tank was pumped out by "Rooter Man" service of Montrose, and the ice was cleared from the leach line by the same crew, using a high-pressure water jet.

Town of Cedaredge

The Board reviewed recent correspondence with the Town of Cedaredge regarding USCDWUA resuming use of the raw water collection system. The Town appears to be suggesting that no improvements to the collection system are needed. It also seems that the Town would expect to be reimbursed for past expenditures on the commonly-owned system.

During discussion, several points were covered:

- USCDWUA still has points of diversion for its Alfalfa Ditch flow decree at several springs currently in use by the Town.
- The original agreement with the Town of Cedaredge is still in effect, but has been ignored by both parties since the USCDWUA treatment plant came on line.
- No bills have been received from Cedaredge and no notification or consultation on common system expenditures.

Jerry Figueroa suggested that the Association get an attorney's opinion on the status of the agreement with Cedaredge and advice on how to proceed before going any further in an attempt to cooperate with the Town in the common collection system. He recommended Rob Pierce of the Dufford, Waldeck law firm in Grand Junction.

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer that Dan Hawkins and Jerry Figueroa meet with Rob Pierce to get a cost estimate and provide him with written information as appropriate.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 7:45 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 11, 2013

The meeting came to order at 6:30 pm at Association headquarters. Board members present were: Herman Kline, Jerry Figueroa, Lynn Oliver, Deborah Christner, Bryan Klaseen, Dennis Grunkemeyer and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to accept the February 18, 2013 Minutes as written and distributed to the Board in advance of the meeting.

MOTION CARRIED With no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the February Cash Flow report.

MOTION CARRIED with no opposing votes.

EOM Report:

There was some discussion about tap transfers from Louis and Garry Ware estates. There are three water taps connected on the same forty-acre parcel on Redlands Mesa, all in the names of the heirs.

Report on Meeting With Rob Pierce:

Jerry Figueroa reported that Rob Pierce of the Grand Junction Law firm of Dufford, Waldeck, Milburn & Krohn in Grand Junction has advised that he expects to charge about \$1,000 for research into the question of continued USCDWUA ownership of the common system with Cedaredge. A binder of written material was left with Mr. Pierce, documenting most of the transactions and agreements between the Town and Association.

Construction and Maintenance:

Dan Hawkins reported on several maintenance items:

- The S-10 pickup was turned over to Spot Automotive, located north of Cedaredge to check on four-wheel drive not working. There turned out to be a cracked intake manifold, numerous vacuum leaks, and other work needed.
- At the treatment plant a pressure transmitter that is vital to automatic operation failed. Pall Corporation quoted a price of \$2,600 for a replacement. After checking around, a distributor was located in Salt Lake that sold us two of them for less than \$2,000. The broken unit was sent back to the factory for repair, so now there are two spares. There are eight such pressure transmitters in the plant.

- Washed rock was spread on the driveway and parking area. The material is called “¾ minus” and was purchased from Benson Brothers.
- The second week of pipeline flushing is beginning. There have been no problems so far.
- A Sanitary Survey is scheduled March 12. These inspections by the CDPHE are now conducted biennially. Originally it was scheduled for February, but the inspector got sick and postponed. It is anticipated to take all day to complete.

Cliff and Cherry Gilliam Request:

Mr. and Mrs. Gilliam explained that their tap, which is located west of Highway 65 and north of U Road is of no use to them. When it was purchased, they had envisioned building a home on the property, which presently holds some cabins that are served by Orchard City domestic water.

The Gilliams said that they are unable to access the main pipeline on Highway 65, which presently ends at the State Highway maintenance shop, northwest of their property. It was originally believed that easement could be obtained from a neighbor situated between the Gilliams and Highway 65. That is apparently now impossible due to discord between them. Also, at the time the tap was purchased, it seemed that Aspen Trails Campground was about to by a USCDWUA tap, making it possible for the campground and Gilliams to cooperate on a pipeline extension. That too failed to happen.

The Gilliams requested that the Association take back the tap, and the Gilliams forfeit their purchase price, but that the past due bill against the tap be forgiven. Helen Hawkins said the bill is approximately \$800.

The Board discussed the matter at length after the Gilliams left the meeting. It was questioned whether the tap would ever be used by anybody, because of the presence of Orchard City water on the property. Bryan Klaseen said it was compelling to him that the Gilliams are not asking for any money back, except for the past due bill. It was finally decided that the situation is unique and not likely to occur again.

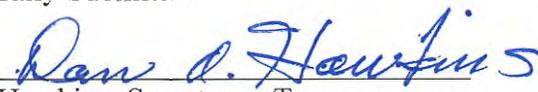
MOVED BY Bryan Klaseen

SECONDED BY Ellis Fritchman that after verifying property ownership and obtaining a Quit Claim Deed to the tap, the Association will forgive the delinquent bill and take back the tap.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


 Dan A. Hawkins Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 8, 2013

The meeting was called to order at 7:30 pm by President Gerald Figueroa . Board members present were: Herman Kline, Gerald Figueroa, Lynn Oliver, Deborah Christner, Dennis Grunkemeyer and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept the March 11, 2013 board meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins explained the payment by Mike Mason for a fire hydrant. It is for the purpose of completing Phase One of his subdivision, three lots. Taps exist for all three lots

MOVED BY Lynn Oliver
SECONDED BY Debbie to accept the March 2013 cash flow report.
MOTION CARRIED With no opposing votes.

EOM Report:

It was pointed out that the Cliff Gilliam tap has been absorbed, as approved at the March 11 Board meeting.

Sanitary Survey:

Dan Hawkins reported that the Sanitary Survey was completed. It was delayed a month beyond the original scheduled date due to illness of the State Health Department engineer who performed the survey. Dan and Dayton were pleased by the helpful attitude of the inspector, Rob Cribbs. No serious discrepancies were found, but a number of suggestions were made for improving our operation.

We were reminded it is time to clean our storage tanks. Liquid Engineering, who did the job five years ago was contacted, and submitted a quote of \$3,500 to do cleaning, and inspection. Repairs will be made as needed at an additional hourly rate.

Construction and Maintenance:

Dan Hawkins reported that Lloyd Carothers, who lives at 18142 Hanson Road, was found to be building a garage on top of a two-inch main pipeline. His lot is in the Cialkowski Subdivision, and checking the subdivision plat and the Carothers deed showed that the pipeline easement is marked and described.

Since the concrete slab and most of the framing for the garage was already done, it seemed that the most practical remedy was to reroute the pipeline around the garage. This required a detour of about 100 feet. Mr. Carothers paid \$2,500 in advance. The work was completed by Fred Houghton Excavating and USCDWUA personnel. The route of the detour

was surveyed by Ed Hice Surveying, and a plat was recorded with Delta County. The Carothers payment was sufficient to cover all costs.

Vaughan Ranch:

The Board reviewed a letter and map submitted by Laura Vaughan requesting that a water tap she owns, which is not installed, be reassigned to two of her sisters, Robin and Carol. The parcel owned by R and C Vaughan does not have a USCDWUA main line on it. An easement will need to be obtained to serve the property from the existing main line along Cactus Park Road.

Dan Hawkins recommended that easement also be obtained across the R and C Vaughan parcel to allow extension of the existing 8-inch main line on Cactus Park Road westward toward Cedar Mesa, for ultimately connecting to the Lone Pine pipeline.

MOVED BY Ellis Fritchman

SECONDED BY Dennis Grunkemeyer to allow the Laura Vaughan tap to be transferred to R&C Vaughan property, and to negotiate an easement.

MOTION CARRIED no opposing votes.

Exceeded Limits:

Dan Hawkins reported that in the second quarter of 2010 and again in 2011 the water from the backwash pond at the treatment plant contained suspended solids in an amount that exceeds our discharge permit. The State has not issued a notice of violation, however a letter of explanation is required. Hawkins reported that he has sent the letters, explaining that the most probable cause was the pond was too full of sludge to allow the proper detention time for solids to settle out. The pond was cleaned in 2011. Hawkins said five years is probably the maximum time we should allow between pond cleanings.

Attorney:

Rob Pierce requested all older agreements with the the Town of Cedaredge. Dan Hawkins reported he has scanned these and all the old Civil Actions establishing the USCDWUA water rights in springs. They will be transmitted by email.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 13, 2013

Meeting called to order at 7:30 pm. Board members present were: Brian Klaseen Herman Kline, Lynn Oliver, Deborah Christner, Dennis Grunkemeyer and Ellis Fritchman. Also present were Dan Hawkins, Paul Ficklin, Rod Downing and Helen Hawkins. Herman Kline conducted the meeting.

Source Gas Project:

The meeting began with Rod Downing and Paul Ficklin, who explained an upcoming gas line installation project. There will be about 42 miles of plastic gas pipe installed in the Cedaredge area, much of it involving USCDWUA territory. A map was given out depicting the planned route.

The first phase of the project will begin in June and cover an area from Cedar Mesa Road on the south to the end of pavement on 2550 road on the north, and from Highway 65 on the west to 2600 Road on the east.

Concerns expressed by the Board and Manager were the danger of broken water lines, and the difficulty in accurately locating many of the USCDWUA lines. It was mentioned that the water system had just come through a fiber optic project which had monopolized the employees' time last year, and which we hoped not to repeat.

Rod Downing will be the construction supervisor. He said his crews are used to working around water lines, and will always positively find our lines before crossing them. They will use a water jet/vacuum truck to excavate the lines without damage.

Both men expressed a promise to work closely with USCDWUA during the project.

Minutes:

MOVED BY Brian Klaseen

SECONDED BY Lynn Oliver to accept April 8, 2013 Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Dennis Grunkemeyer

SECONDED BY Debbie Christner

MOTION CARRIED with no opposing votes.

EOM Report:

Less water was used this month than this time last year, by about ½ million gallons.

Meadow View Subdivision offer to trade Leon Lake water:

Dan Hawkins reported he was contacted by Dick Abbot, the secretary of the Meadow View Water Company. The company is now a consecutive system to the Town of Orchard City, but formerly operated their own water supply. Mr. Abbot said their company would like trade 114 share of Leon Lake Ditch and Reservoir Company for the equal amount of water of Surface Creek Ditch and Reservoir Company. Mr. Abbot said he believed five shares of Surface Creek D&R would be equivalent.

Ellis and Dan spent some time computing the amount of water in each reservoir. It seemed that five shares of Surface Creek would yield more water than 114 shares of Leon.

The Board discussed advantages and disadvantages to the trade. The advantage is that Leon Lake water is decreed for domestic water, while Surface Creek is not. One disadvantage is that it would concentrate more of USCDWUA/s water in one reservoir. Another is the future cost of repairing the tunnel the conveys Leon water to this side of Grand Mesa.

Dan Hawkins said that USCDWUA currently owns approximately 120 shares of Leon Lake and 20 Share of Surface Creek D&R.

It was decided to table the matter until the next Board meeting to obtain Jerry Figueroa's input.

Alfalfa Ditch Water:

Harman Lowman III is selling 10 shares of Alfalfa Ditch Water in a sealed bid. Attorney Greg Helmsing is to arrange an auction and contact prospective bidders. Dan Hawkins said he asked to be notified. This is part of the #1 flow decree in Surface Creek. The yield is .05 cfs per share. USCDWUA owns 10 shares.

Leaks:

Dan Hawkins reported on the following situations:

Eleanor Parsons: There was a leak on her side of the meter which she was not in a position to get fixed, having just undergone cancer surger. USCDWUA employees fixed the leak. An agreement will be made to accept installment payments.

Rita Trninich: A leak on a main line occurred in her pasture along 2550 Road just north of the Q50 Road intersection. It is an old 1- inch black plastic line which serves three taps. This line has a history of leaks. There is a 4" pipeline not far away that could be extended to serve these taps in place of the existing line.

Bob Nicodemus: A leak has occurred in his service line, which is galvanized. Nicodemus lives in the northwest corner of the intersection of Cactus Park Road and Cedar Mesa Road. His tap is served by a half-mile long galvanized line running along the east side of Cactus Park Road, built in 1960. His is the only tap attached to it. Dan Hawkins proposed to abandon that line and extend a six-inch main line on the west side of Cactus Park Road a distance of about 650 feet, connecting into a main line running on the south side of Cedar Mesa Road to form a loop. The Nicodemus tap would be connected to this new line. Mr. Nicodemus has agreed to provide easement across his property to accomplish this, in exchange for USCDWUA rescinding his high water bill and repairing the leak in his service line.

MOVED BY Brian Klaseen.

SECONDED BY Ellis Fritchman to repair the Nicodemus line and extend the six-inch main.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:00 p.m.

Respectfully Submitted



Dan A. Hawkins, Secretary

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 10, 2013

The meeting was called to order at 7:30 pm. Board members present were Brian Klaseen, Herman Kline, Lynn Oliver, Dennis Grunkemeyer, Jerry Figueroa and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline
SECONDED BY Lynn Oliver to accept minutes of May 13, 2013 Board meeting
MOTION CARRIED with no opposing votes.

Financial Report:

Herman Kline asked about the attorney fee; it was explained that it is the first bill from Rob Pierce for study of the USCDWUA vs Cedaredge ownership case. Dennis Grunkemeyer commented on the high cost of chemicals.

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept the May 2013 Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Less water was used in the month of May than the same month of 2012. It is expected to increase as the weather is turning hot and dry.

Budget Review:

Dan Hawkins presented a half-year budget progress report. Overall, there is about a 5% shortfall in income vs expenses. This could improve as the second half of the year typically brings in more water revenue.

Source Gas Project:

The gas line project has started. The pipe is being buried about 30 inches deep, which is above most of our water lines. Dan Hawkins reported that Source Gas is working well with the USCDWUA to avoid damage to our lines. They have started on 2550 Road and also on Cedar Lane. Dennis Grunkemeyer brought up the information about Delta County's new policy of charging a bond of about \$1.00 a foot for any construction within County road right-of-way. There was a discussion about the affect of this bond in the cost of construction work.

It was discussed that USCDWUA should lay some casings under Cedar Mesa Road while the County is rebuilding it. Dan Hawkins said he has spoken to the County road foreman about that, and was told that the County is in agreement.

Water Rights:

Dan Hawkins presented a spreadsheet which details all water rights owned by USCDWUA. This opened the discussion of the proposed trade of Surface Creek Ditch and

Reservoir stock for Leon stock owned by Meadow View Subdivision. The matter had been tabled at the previous meeting. Dennis Grunkemeyer emphasized that any trade needs to be beneficial to the USCDWUA members. At the least, we should get an equal amount of water for the stock we will be offering in trade. The problem is determining what that equivalency is. Jerry Figueroa suggested that a 20-year period be researched to see how much water was appropriated for SCD&R and for Leon during those years. It was agreed to take that approach in further negotiations with Meadow View.

Beth Meyers Leak:

A hole developed in the copper pipe attached to the meter, typical of several such failures seen in recent years.

Letter from Attorney Rob Pierce

An email letter from Rob Pierce regarding the Cedaridge situation was presented to the Board. Several Board members thought the letter left some questions unanswered. It was agreed that Dan Hawkins and Jerry Figueroa and any other interested Board Members should go talk to Rob Pierce to get clarification.

Ward Meadows Subdivision

Dan Hawkins reported that Eunice Ward informed him that her subdivision is being changed to just two lots. She owns 2 taps and would like to assign them to those two lots. The Board did not express any objection, provided the County is aware of the change of water commitment and has no problem.

Meeting adjourned at 9:10 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 15, 2013

Meeting called to order at 7:36 pm. Board members present were Brian Klaseen, Herman Kline, Lynn Oliver, Dennis Grunkemeyer, Jerry Figueroa, Debbie Christner and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer
SECONDED BY Herman Kline to accept the June 10, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

One new tap was sold in June and another in July, both on Redlands Mesa.
The pipe purchased was 6" for the Cactus Park Road project

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to accept the May 2013 Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Less water was used this month than this time last year, due to the recent rain.

CONSTRUCTION & MAINTENANCE:

Dan Hawkins reported that Source Gas broke a 2" main line in Sorrento Heights – the line was marked, and it appeared the backhoe pushed a rock into the pipe. Source Gas crew assisted with the repair and replaced the repair parts used.

Hawkins said the Cactus Park Road project is nearly complete. The pipeline is installed and pressurized. The Bob Nicodemus tap has not yet been moved to the new line.

An asphalt road cut done last year to repair a main line break on 2800 Road on Redlands Mesa was repaired by Peterson Excavating at a cost of \$ 1,800.

MEADOW VIEW SUBDIVISION'S OFFER:

Dan Hawkins gave the board his analysis of the relative value of Leon Lake vs Surface Creek Dith & Reservoir water with regard to the trade proposed by Meadow View Subdivision.

There was lengthy discussion of the factors that influence the value of each company to the USCDWUA shareholders.

MOVED BY Dennis Grunkemeyer to authorize the Manager to negotiate the trade for Leon Lake shares with a cap of three shares of Surface Creek D&R stock for the offered 112 shares of Leon from Meadow View.
SECONDED BY Bryan Klaseen.
MOTION CARRIED with no opposing votes.

Town of Cedaredge:

Dan Hawkins and Jerry Figueroa reported on a visit with Rob Pierce regarding the Association's interest in the raw water system and the treatment system. Mr. Pierce recommended the following outline of an agreement to propose to the Town:

- Past expenditures by the Town are not charged to USCDWUA
- USCDWUA forfeits its interest in the water treatment plant, storage tank, and transmission pipeline
- USCDWUA increases its interest in the raw water collection system from the current 20% to 35%
- USCDWUA is permitted to tap into the raw water collection system to augment its creek water supply.
- Town and USCDWUA share operating and maintenance expense on the raw water system.
- Town and USCDWUA share capital improvement cost on the raw water system.
- Current agreement with the Town is cancelled, and a new agreement reached to cover the above points.

Agriculture Water:

There was a lengthy discussion about policy concerning agriculture water and what the future policy should be about commercial use.

Meeting adjourned at 9:30 p.m.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 12, 2013

Meeting called to order at 7:30 pm. Board members present were Brian Klaseen, Herman Kline, Lynn Oliver, Dennis Grunkemeyer, Jerry Figueroa, Debbie Christner and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer
SECONDED BY Herman Kline to accept the July 15, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

Helen Hawkins reported a correction to the cash flow report. The balance of Past Due is \$31,188.19. The balance for the Prepaid accounts is \$12,006.50

MOVED BY Bryan Klaseen
SECONDED Debbie Christner to accept the July 2013 Cash Flow Report as corrected.
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that less water was used this month than July of 2012, by one million gallons. He also reported that Julie Bonine has purchased a new tap on Redlands Mesa for her father John Overlease.

Leon Lake:

Jerry Figueroa and Dan Hawkins reported on a trip to Leon Lake to demonstrate/test the siphon. The lake level was 11.75 feet, and the siphon ran 4 cfs. A total of 140 feet of pipe were used. The Town of Cedaredge sent four employees who helped assemble and disassemble the siphon. Also observing were representatives from Division 5 Water Resources, and dam safety inspectors from Division 4 and 5.

Source Gas:

Source gas is finished installing main lines on Cedar Mesa. Dan Hawkins said the contractors have done a good job finding and avoiding water lines so far. They are now starting in the Surface Creek valley.

Construction & Maintenance:

Hawkins reported that the 660-foot extension of a six-inch line on Cactus Park Road ending at Cedar Mesa Road is completed. A new service line was constructed for Bob Nicodemus as part of the easement agreement for the six-inch line on his property. The new service line did not go completely into the house because the connection under the mobile home

is inaccessible without risking damage to the structure. Mr. Nicodemus was satisfied with the job as performed.

Meadow View Subdivision's Offer:

Hawkins reported on his conversation with Richard Abbott of Meadow View regarding the USCDWUA offer to trade a maximum of 3 shares of Surface Creek for the 112 shares of Leon offered by Meadow View. The offer was rejected, Mr. Abbott stating that his board would accept nothing less than a straight volume for volume trade. The trade seems to be unworkable for both parties at this time.

Town of Cedaredge:

Jerry Figueroa reported on a meeting with the Town Mayor Pat Means, Administrator Katie Sickles, and Public Works Supervisor Dave Smith. Jerry he approached the meeting to try begin a process to reach agreement in which both parties can profit. The starting point of discussion is that the USCDWUA gives up its 20% ownership of the common system from the treatment plant down to the diversion vault. In return USCDWUA gains an additional 15% of the raw water collection line, and the right to independently tap into that line to augment the supply to our treatment plant.

Jerry said that the Town representatives did not seem receptive to the idea particularly Mrs. Sickles. Dave Smith expressed doubts about how the water rights are distributed among the various springs. Jerry said he provided Mr. Smith with the appropriate judgment and decree papers after the meeting.

Jerry suggested waiting until the Town street project and Apple Fest are over with, and bring this proposal up to the town repeatedly to get it resolved. The Board discussed at length the apparent deterioration of water quality from the lakes on Grand Mesa, and the desire for a better quality source when needed.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 16, 2013

Meeting called to order at 7:40 pm. Board members present were: Brian Klaseen, Herman Kline, Lynn Oliver, Dennis Grunkemeyer, Jerry Figueroa, and Ellis Fritchman. Also present were Dan Hawkins, Helen Hawkins and James Broscheid.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the August 13, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins explained that problems establishing an online account with the Colorado Department of Revenue had resulted in a double payment of payroll withholding, resulting in an entry on the financial report voiding one of the payments. Also it was pointed out that header dates for beginning and ending balances on the report were for a previous month and should be corrected.

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept the August 2013 Cash Flow Report as corrected.
MOTION CARRIED with no opposing votes.

Budget in Progress:

The Board reviewed a budget progress report for $\frac{3}{4}$ of the fiscal year. In general, revenues are slightly below projections, while expenditures are on target. There will likely not be much capital construction performed the rest of this year.

EOM Report:

Less water was used this month than this time last year, which is typical for the year. The Association has not earned as much money by water sales this summer because of the reduced demand, which is due to a combination of wetter weather and more conservation by members.

Natural Gas Cost Analysis:

Dan Hawkins reported that a quote was received from Source Gas to install natural gas for heating the shop and office for the amount of \$3,185. At the current prices of propane vs natural gas, the cost is estimated to be regained in 23 months.

MOVED BY Ellis Fritchman
SECONDED BY Dennis Grunkemeyer to change over to natural gas
MOTION CARRIED with no opposing votes

Construction/Maintenance:

There was a discussion about the new gas line on Surface Creek Road. The line is using the east side of the road, which is where the USCDWUA water line is. Herman Kline said that the gas company should not be going where the water line is, and their representative had told the Board at a previous meeting that they would avoid that. Dan Hawkins said he had requested a change from Paul Ficklin of Source Gas and also from the foreman of the work crew, but had been refused.

Hawkins said this means that USCDWUA will have to use the west side of the road when that pipeline is replaced, or obtain private easement. With new County regulations and bond requirements, it may become more practical to purchase private easement than to use the road right-of-way where we have no control over protecting our lines.

Electronic Billings:

About 150 members have requested email billing. The number is growing, in spurts. Dan Hawkins said that each time the e-billing is mentioned in the newsletter, there are a few more change over.

Town of Cedaredge:

There was a discussion about the Town and its administration. The consensus of the board was to keep reminding Cedaredge that we are here and to keep pushing for a solution to the continued joint ownership of infrastructure.

Health Insurance:

Dan Hawkins reported that Rocky Mountain Health Plans, who provide group health insurance, is offering to have the company renew its contract on the first of December 2013 instead of the first of January 2014. In this way, the Association will be offered the same coverage at the same price as last year, and any effects of the federal Affordable Care Act will be delayed for another year. Hawkins said that Tom Voake, our insurance broker has advised to accept the early renewal because it is not clear what effect the ACA will have on our current insurance plan.

MOVED BY Dennis Grunkemeyer
SECONDED BY Jerry Figueroa to sign the contract in December
MOTION CARRIED with no opposing votes

Meeting adjourned at 9:30 pm.

Respectfully Submitted,



Dan A. Hawkins Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
Oct 14, 2013

Meeting was called to order at 7:40 pm. Board members present were Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Jerry Figueroa, Deb Christner and Ellis Fritchman. Also present were Dan Hawkins, Helen Hawkins.

Minutes:

MOVED BY Herman Kline
SECONDED BY Dennis Grunkemeyer to accept the September 16, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to accept the September 2013 Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Bryan Klaseen reported that there was a leak at Klaseen Dairy, on the customer side of the meter. It has been repaired.

A new tap was sold today to Bill and Julie Holt, to be installed on Cedar Mesa Road.

Construction/Maintenance:

Dan Hawkins reported several issues to the Board:

Gas line construction: Source Gas company is now working on Ute Trail Road at the intersection with Surface Creek Road, and also on 2375 Road. They should be out of our service area within a month.

Tank inspections: Liquid Engineering has completed inspection of our storage tanks. The agreement was that they would make epoxy repairs as needed. However, the work was scheduled too late in the season, and the water is too cold for the epoxy to cure. This is the same situation that occurred in 2008, requiring a second trip the following summer to make the patches. Hawkins said he is going to check with another company that does the same work to compare pricing and scheduling.

Treatment plant: The electronic control system at the treatment plant failed, shutting the plant down for several hours. An emergency fix was done by Brian Mitchem of Mountain Peak Controls. Mr. Mitchem drove to Clifton to borrow a spare industrial microcomputer which got the plant on line late that night. Mitchem has found that the equipment supplied with the plant is now obsolete, and also that there are different models used in the skids than in the supervisory panel. He recommended an upgrade to the current generation of Allen-Bradley microcomputer and that the same model be installed in all three places, so that one spare would be enough to cover a failure. The cost is estimated at \$12,000. Hawkins said the money is available to go ahead with the work, and he believes it would improve the reliability of the plant.

MOVED BY Jerry Figueroa
SECONDED BY Herman Kline to upgrade the water treatment plant control system as proposed.
MOTION CARRIED with no opposing votes.

Town of Cedaredge:

The Board reviewed a draft of a letter to be sent to Cedaredge council members. Suggestions re to be more specific about ownership of the about the diversion box equipment and to make sure Cedaredge understands that USCDWUA seeks the right to tap into the raw water collection line.

There was a discussion about the perception by some in Cedaredge that USCDWUA is no longer an owner of the common system. Jerry Figueroa reported that Town plant operator Randy Bodwell had told the Forest Service that USCDWUA is not involved with the raw water line and did not need to be copied with any communication regarding work to be done.

Other:

Dan Hawkins distributed a plat for Ridge Crest Minor Subdivision. He reported a phone call from a tenant currently residing on Lot 1 who is planning to buy Lots 2 and 3, and combine them into one parcel. He would like to dispose of one of the water taps, preferably by selling it back to USCDWUA.

The Board showed no interest in the idea.

Meeting adjourned at 8:45 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 11, 2013

The meeting was called to order at 6:30 pm. Board members present were Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Jerry Figueroa, Lynn Oliver, Deborah Christner and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Ellis Fritchman to accept the October 14, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Herman Kline
SECONDED BY Dennis Grunkemeyer to accept the October Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

The report showed seven tap transfers and 1 new tap purchased. It was also reported that two taps not on the report were sold in early November. The total number for the year is six, which is double the number predicted in the budget.

Construction/Maintenance:

Source Gas:

Dan Hawkins reported that the contractor is working on the last piece of gas pipeline on Surface Creek Road just east of the bridge near Ute Trail Road. Our pipe is in the hillside shoulder of the road. They are trying to make a long bore, but will probably be stopped by boulders. It is likely they will dig the line in on the same side of the road as our pipe. After that, they will be clear of our service area, except for ongoing private hookups.

Treatment Plant:

The electronic control system upgrade is underway. The supervisory panel has been completed, both the skids are not done. The transition has been mostly smooth, although there were a number of glitches to overcome before the plant functioned as before.

Jerry Figueroa raised the possibility of adding another skid to the plant. Hawkins said the building and piping are sized for two more skids of the same capacity as what is already there. He estimated the minimum cost would be \$250-\$300 thousand. We would need a new engineering study by State rules, even though the plant was originally approved with future expansion capability.

Hawkins reported that an air compressor had to be shut down due to oil being ejected through the air inlet. Power Service of Colorado in Denver quoted \$7,500 to travel and trouble shoot, repair, and do what they call an annual required service on the compressors. Hawkins said he was shocked by that quote because it nearly equals the purchase of a new compressor.

It was decided instead to order a complete set of service parts for both compressors from a Grand Junction company, ACS, and repair the compressors as needed. The cost for the parts came to around \$2200 and the oil spray problem went away with the installation of one new inlet valve, costing \$200. The rest of the new parts are on the shelf as spares.

Leaks: A two-inch PVC line split on the north side of Ute Trail Road, near the intersection with Surface Creek Road. Hawkins said the leak was discovered while marking our lines for the

Source Gas project. It looked as if the leak had been there for a long time, and was running through oak brush unnoticed. The pipe has been in service for 30 years, and probably failed due to rocky backfill.

Hawkins showed the Board a map showing a one-inch polyethylene pipe that serves three taps west of 2550 Road near the Q50 intersection. The line has sprung leaks in the past, and this year has leaked in three places. Hawkins said he thinks the line needs to be replaced, and partially rerouted. The line now attaches to a four-inch steel main which runs along 2550 Road under the pavement. It crosses the Lone Pine Ditch and goes through a pasture belonging to Rita Trninich, where we dug up two of the leaks this year.

Hawkins said the steel main is certain to be abandoned in the near future, as there is a newer six-inch main running parallel to it, but off the road right-of-way on the west side. He said he wants to avoid the crossing of 2550 Road and the Lone Pine Ditch, as well as digging up the pasture. There is modern four-inch PVC pipeline available at the driveway for Tom Jones and Rob Macfarlane. A new line could be run south from this, avoiding any road crossings and pasture damage.

A second possible route was also discussed, running east along the Jones-Macfarlane driveway, then south and west to accommodate the existing taps. This would have the advantage of also upgrading an existing one-inch galvanized pipe that serves Mafarlane. This route, however, is quite a bit longer and would require permission to cross the Tom Jones property.

The board agreed that a new pipeline should be investigated to see what the most feasible route would be.

Cactus Park hillside:

A two-inch galvanized line came apart on a hillside leading into Cactus Park. The leak was at the site of a repair made nearly 20 years ago by hillside movement that pulled the pipe apart. It appeared that the same thing had happened again, as the pipe had pulled out of the dresser coupling that was used to fix the original leak.

Letter to Cedaredge:

The letter was sent out after revision. Town Administrator Katie Sickles called to say that there will be a work session in the Community Center Thursday Nov. 14 at 7:30 and the board could come about 8:00 to talk with the trustees then. It was agreed to try to have as many board members as possible attend the session.

Preliminary Budget:

Jerry Figueroa noted that the company habitually operates at a very small margin of operating income over expense. He said the cost of operations is just going to continue going up. He asked the Board to think about the advisability of increasing the monthly base rate.

Dan Hawkins said he advises putting an increase in payroll in the budget, because of possible upcoming changes in personnel. He mentioned that he will reach age 70 in 2014, and ought to be training a replacement. Also, the future employment of Lyn Puls is in question because her parents are both having medical problems and live in another part of Colorado. She may find it necessary to move closer. Helen Hawkins may also wish to decrease her time at work due to family interests.

It was agreed to meet December 5 at 6:30 pm to finalize the budget and prepare for the annual meeting.

Meeting adjourned at 8:30 pm.

Respectfully Submitted,


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 5, 2013

The meeting was called to order by President Figueroa at 6:30 pm. Board members present were: Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Jerry Figueroa, Lynn Oliver, Deborah Christner and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline
SECONDED BY Lynn Oliver to accept the November 11, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Lynn Oliver
SECONDED BY Debbie Christner to accept the November Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that system usage was a million gallons less than November 2012. He also said two new taps were sold on Surface Creek Road behind the New Hope Church. Each tap is to serve a separate 35-acre parcel. The taps will be connected to a six-inch steel pipeline that crosses one of the parcels. A pressure reducer will need to be installed ahead of the meters due to high pressure on the main line.

Construction/Maintenance:

Hawkins said the treatment plant electronic control upgrades are completed and paid for. He reported a delay in receiving the natural gas conversion kit for the boiler in the shop/office building. The propane tank ran out, so an additional 100 gallons was purchased.

Town of Cedaredge:

A work session date is expected to be set in the week of the December 16 for USCDWUA and the Town to exchange ideas on a new agreement. It was agreed that a general outline of the USCDWUA proposal to Cedaredge should be provided to the members at the annual meeting for their approval.

Waive Transfer Fee:

Dan Hawkins reported a request to waive the transfer fee for Lori Szabo, on the basis that the house was purchased by her grandfather John Wood for Ms. Szabo. Hawkins said the house is occupied by Lori Szabo, but the property and tap are in the Name of John Wood Revocable Trust. Ms. Szabo states that the property has been given to her, but a deed has not yet been submitted.

The Board took no action to waive the fee.

Budget:

Dan Hawkins presented 3 budget scenarios to consider. Budget A proposed the current \$31 base monthly rate. Budget B proposed \$32, and Budget C proposed \$35. It was apparent that Budget A is not likely to meet expenses for the coming year, due to increases in insurance and a number of other line items.

Hawkins said the future of our current health insurance policy is in doubt according to Tom Volk, our agent. He said that even though the mandatory sign-up with the Affordable Care Act was avoided by re-enrolling in our present policy before January 1, the terms of the policy may change in 2014 to comply with ACA requirements.

Hawkins said there is also uncertainty in our payroll requirements for 2014. Lyn Puls may be forced to quit due to family circumstances. Also, Hawkins said he will reach age 70, and should be taking steps to ensure a successor, which could increase payroll.

After further discussion, it was

MOVED BY Jerry Figueroa

SECONDED BY Ellis Fritchman to present Budget C (\$35 base rate) to the members for adoption at the annual meeting.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:30 p.m.

Respectfully Submitted



Dan A. Hawkins

**Upper Surface Creek
Domestic Water Users Association**

Minutes of Organizational Meeting
December 10, 2013

President Gerald Figueroa called the meeting to order at 8:50 pm following the Annual Membership meeting at Cedaredge Community Center. He asked for nominations of officers to serve during 2014.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to re-elect Gerald Figueroa as President for 2014.
MOTION CARRIED with no opposing votes.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to re-elect Herman Kline as Vice-President for 2014.
MOTION CARRIED with no opposing votes.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to appoint Dan Hawkins as Secretary-Treasurer for 2014.
MOTION CARRIED with no opposing votes.

Discussion was held about the annual Board and Employee dinner. Hawkins was instructed to organize the dinner in the week of January 9th, with Gerhardts' or RJ's being the preferred resaurants.

Meeting adjourned at 9:10 pm.

Respectfully Submitted: 
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
January 13, 2014

Meeting was called to order at 6:35 pm. Board members present were: Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Jerry Figueroa, Lynn Oliver, Deborah Christner and Ellis Fritchman. Also present were Dan Hawkins, and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to accept the December 5, 2013 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the December Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that water use is still down, as it was all through 2013. The reasons partly were the rainy summer, and some repairs that may have stopped some long term leaks.

Construction/Maintenance:

Broken fiber at the treatment plant – Hawkins reported that one of the thousands of filtration fibers was discovered to have failed during a routine integrity test. Hawkins and Dayton Myers visited the Town of Hotchkiss water treatment plant, which also uses a Pall system. The crew there was very helpful in demonstrating how to isolate the fiber so it is no longer in use. Hawkins said he and Myers believe that the broken fiber was a result of recent welding repairs on the plastic backwash water tank that keeps leaking. The repair involved grinding the plastic, and the plastic grindings were hard to see and clean up. Probably a piece got into the fiber and cut it.

Natural Gas Conversion – There was a delay because a conversion kit that was ordered for the boiler got lost somewhere and had to be re-ordered. One hundred gallons of propane was purchased while waiting for the kit. Dayton Sr. has said that he is interested in buying the old propane tank. Hawkins said he asked the three local propane companies about the value of the tank. All three said they would buy it for \$500.

MOVED BY Jerry Figueroa
SECONDED BY Bryan Klaseen to sell the propane tank to Dayton Meyers Sr. for \$500.00
MOTIONED CARRIED with no opposing votes.

Hawkins reported that he purchased \$ 3,157.00 of brass fittings in December from Grand Junction Winwater. The company was trying to liquidate their inventory of leaded brass, because it becomes illegal to sell as of January 1, 2014. It is legal for USCDWUA to use brass that was in inventory before the end of 2013. The move to unleaded brass fittings is expected to increase their cost by 140 per cent.

Cedaredge:

A letter from Administrator Kathleen Sickles has been promised, expressing the Town's position on the USCDWUA proposed new agreement. There has been a meeting of the Town Trustees which Dayton did not attend because of conflict of interest, so it is presumed to have involved relations with USCDWUA.

Jerry Figueroa observed that Cedaredge is not going to make any form of mutual agreements easy. Their operator in charge is set against any change to the raw water collection system, and does not believe USCDWUA can make any use of it without harming the Town.

There was lengthy discussion. It was generally agreed to keep trying to obtain an amicable agreement, but to consider a partition lawsuit as a last resort.

Company Dinner:

It was agreed to set the annual dinner for the 27th or the 28th at Gerhardts in Delta.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins *Sec - Treas*

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 10, 2014

The meeting was called to order at 6:35 pm. Board members present were: Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Jerry Figueroa, Lynn Oliver, Deborah Christner and Ellis Fritchman. Also present were Dan Hawkins, and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the January 13, 2014 Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

Several Board members observed that the rate increase is helping to meet expenses that typically occur early in the year, without falling behind financially

Dan Hawkins reported that the entry for Member's contribution of \$500.00 was for a pressure regulator needed to protect meters at a high pressure location.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the January and February Cash Flow Reports.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan showed the board a graph of water use. It shows a nearly level water use over the last few years with a noticeable reduction in the past year. The explanation may be the rainy summer last year, and the fact that several ongoing leaks were discovered and stopped.

There were few transfers and no tap sales during the past month.

Construction/Maintenance:

Two regulator vault lids are finished for large vaults on Redlands Mesa. They will be installed when the ground dries out. They are of a different design than the existing flat lids. They are raised above ground two or three feet, with more slope to the roof.

Dan Hawkins said last year's failure of the supervisory computer at the plant emphasized the need to have spares on the shelf. Many replacement parts are not stocked by distributors as they used to be, requiring long lead times from the factory. With the expected higher revenue this year, spare parts are being accumulated.

There was a leak in a 6" steel pipe line on the hillside NE of Rodeo Grounds.. It was discovered when a glacier became visible from Surface Creek Road. The leak was caused by a faulty dresser coupling that did not fit the pipe correctly.

A leak was repaired in Panorama Heights. The line was 1" galvanized. A rust pinhole was to blame.

Tap installation fee

Dan Hawkins presented the Board with an updated parts and labor cost report for installing a new meter. The current installation fee is \$550, which was set in 2006. The cost to USCDWUA is now around \$700. The increased cost is largely driven by the new Federal law requiring lead-free brass in all waterworks parts. This has caused a 40% increase in all brass components. Hawkins recommended a new fee of \$750. Discussion by the Board focused on the need to be ahead of expected future price increases, and not to underestimate the cost of labor provided by USCDWUA.

MOVED BY Lynn Oliver
SECOND BY Herman Kline to raise the installation fee to \$1,000.
MOTION CARRIED with no opposing votes.

Cedaredge:

Dan Hawkins said that a meeting with Town employees that was originally scheduled for January 6 did not take place. Town Administrator Katie Sickles told Hawkins she would send a letter expressing the Town's thinking on the proposed agreement submitted by USCDWUA. The letter has not been received.

After extended discussion, it was decided that the Board should meet with Attorney Rob Pierce to learn what the Associations legal options are. It may be that the attorney can nudge the Town toward continuing the negotiations.

Jerry Figueroa said he would like to have the Board visit the Cedaredge Treatment Plant. Several Board members agreed, and it was decided to set up a tour for the near future.

Water for Sale:

Jerry mentioned that Joan Phillips has 7½ shares of Cedar Mesa Water for sale. After some discussion, it was

MOVED BY Bryan Klaseen
SECONDED Dennis Grunkemeyer to offer \$25,000 for the 7½ shares of Cedar Mesa
Water.
MOTION CARRIED with no opposing votes.

Meeting adjourned at 7:45 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 14 2014

The meeting was called to order at 6:35 pm at Association headquarters by President Gerald Figueroa. Board members present were: Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Gerald Figueroa, Lynn Oliver, Deborah Christner and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the March 11, 2014 Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

Debbie asked if the Cedar Mesa Ditch and Reservoir water that was discussed at the previous meeting had been purchased. Mr. Figueroa said he had spoken with the owner Joan Phillips, and did not get the impression that she is ready to sell at this time.

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to accept the March Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that the system continues to use water at a lower rate than last year. Two tap transfers were reported during March.

Construction/Maintenance:

Dan Hawkins reported that new covers for two regulator valve vaults on Redlands are finished. At least three more Redlands vaults will need upgraded also.

Hawkins reported a rust pinhole leak in the 2½ inch galvanized pipe running along the west side of Ed Badding's property on lower Cedar Mesa. This pipe was installed in 1960 and is accumulating rust both inside and out.

Delta County:

Cedar Mesa Road Construction:

Dan Hawkins reported that major work is scheduled this year to continue the upgrade that was begun last year at 2600 Road. The curves at the east end of Cedar Mesa are planned to be straightened, which will require relocating our pipeline in several spots. The line is 1960 galvanized, and has been known to need replacing anyway. The County is still in the process of acquiring easements, so it is not settled how much of the work will actually be done this year.

It was suggested to make a request to the County Commissioners to help USCDWUA with the cost of any line relocating that is caused by the road work. Jerry Figueroa said that the line construction will have to be done as the county works on the road, in close cooperation with the county.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to replace and relocate the water line on Cedar Mesa Road as necessary.
MOTION CARRIED with no opposing votes.

North Road Gravel Pit:

Delta County plans to reopen the gravel pit at the east rim of Hart's Basin. The access to the pit crosses a fairly new four-inch pipeline along North Road. The County Engineer has presented an agreement which states that the County will compensate for any damage to USCDWUA facilities caused by their gravel operations. It is requested that it be signed and notarized.

MOVED BY Dennis Grunkemeyer
SECONDED BY Debbie Christner to acknowledge the County letter.
MOTION CARRIED with no opposing votes.

Cedaredge:

The Board briefly reviewed their meeting with attorney Rob Pierce in Grand Junction. It was regarded as helpful in clarifying what the Association's options are in its effort to revise the agreement with the Town on jointly owned facilities.

Jerry Figueroa reported that some changes have been made to the Association's proposed agreement. Attorney Rob Pierce is reviewing it also before submission to the Town.

A meeting with Cedaredge has been scheduled for April 30. However, that will need to be postponed because Dan Hawkins will be on vacation during that week. The revised agreement will probably not be ready by that time anyway.

Discussion by the Board centered on the need to get the Town's Board of Trustees more committed to the negotiations. So far, the Town has wished to have employees handle the talks, and it has become clear that at least some of them are unfavorably disposed to the Association's proposal. Dan Hawkins said he predicts a series of fruitless meetings unless the Trustees become more involved.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 12, 2014

The meeting was called to order at 7:30 pm by Chairman Gerald Figueroa Board members present were Brian Klaseen, Herman Kline, Dennis Grunkemeyer, Gerald Figueroa, Lynn Oliver and Deborah Christner.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the April 14, 2014 Board Meeting Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

Deb Christner asked if USCDWUA had bought the Cedar Mesa D&R shares from Joan Phillips which had been previously discussed. Gerald Figueroa said he had visited with Mrs. Phillips, and she is not sure she is ready to sell at this time.

MOVED BY Deb Christner

SECONDED BY Herman Kline to accept the April Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that the system continues to use less water than the same period last year.

Bank Loan:

Hawkins reported that the US Bank loan which matured May 5 was renewed with US Bank at 4.5 % interest rate. The payment will be lowered a little. The loan has a 10 year amortization with a 5 year maturity.

HAA Violation:

Dan Hawkins reported that new regulations took effect to cover monitoring for Total Trihalomethanes (TTHM) and Haloacetic Acid (HAA). A year-long survey was required to determine the point on the system with the highest TTHM and HAA concentrations. Usually this is the place with the longest residency. That spot was determined to be the end of a six-inch pipeline which runs north along Rimrock Road from Redlands Mesa Road. There is an automatic flushing station at that dead end to keep the water fresh. It failed due to damage from freezing. The result was that a sample taken at that site had HAA concentration exceeding the permissible level of 60 parts per billion. Hawkins is writing a letter to the State department of Health explaining the reason for the high result.

Construction/Maintenance:

One of the new PLCs that was installed in the treatment plant by Mountain Peak Controls earlier this year crashed for unknown reasons. The result was that one skid was out of service for four days waiting for a technician to arrive. A spare PLC has now been purchased and stored at the plant for quick replacement by USCDWUA personnel in case of a future failure.

Delta County:

Cedar Mesa Road improvement project: Dan Hawkins said District 2 supervisor Dan Sickles has verbally assured him that Delta County will reimburse USCDWUA monetarily or in-kind for any facilities that have to be relocated because of road work.

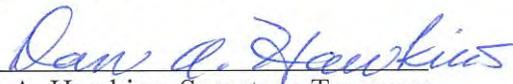
Cedaredge:

Gerald Figueroa stated that he believes the Town's written response to the draft USCDWUA agreement concerning the raw water pipeline contains some points that require further study before we can meet to negotiate. One key point is the Town's worry about degrading the quantity or quality of water available to the Town. In 2002 Cedaredge and USCDWUA jointly paid for a report made on the common collection system. This report was done by Buckhorn Geotech Engineering, in Montrose. A meeting has been set up between Figueroa, Hawkins, and Dan Quigley of Buckhorn Geotech to inquire further into this report, since all that USCDWUA received was a general summary.

It was the consensus of the Board to ask for a cost estimate from Buckhorn for a determination of the carrying capacity of the collection system, and its ability to serve both systems. It was also agreed to postpone any further meetings with the Town until this information is obtained.

Meeting adjourned at 9:00 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 9, 2014

Meeting called to order at 7:30 pm. Board members present were: Brian Klaseen, Deborah Christner, Dennis Grunkemeyer, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman.

Also present: Dan Hawkins and Helen Hawkins

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the May 15, 2014 Board Meeting Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept the May 2014 Cash Flow Report

MOTION CARRIED with no opposing votes.

Mid-year budget progress

Dan reported that the Water Treatment Expense is high the first half of the year due to buying chemicals and spare parts for emergency repairs. It was also noted that the first six months are typically low income, high expense months.

Legal expense is higher than expected due to the ongoing attempt to reach agreement with the Town of Cedaredge.

Jerry Figueroa asked if the Board needed more information about the financial condition of the Association. It was generally agreed that the information presented is adequate and no changes need to be made.

EOM Report:

Dan Hawkins reported that the system continues to consume less water each month than it did the year before. There have been several transfers, but only one new tap has been sold so far this year.

Construction/Maintenance:

Leak on 2500 Road: Water appeared in the pavement on 2550 Road south of the intersection with Q50. It was a rust hole in a 4 inch steel line that was installed in 1960.

LaBruno service line: Redlands Mesa Board members commented on leaks at Annie Sievers and at Michael LaBruno, a new member. Hawkins said he was aware of both problems. The LaBruno leak used a large amount of water, and a discount will most likely be given.

Spare pump: A spare 20 hp pump and VFD drive are now on the shelf at the treatment plant. This pump is used in four different places in the plant.

Water meters: Hawkins reported that the favorite model of water meter for the past several years has been discontinued by the manufacturer. It was valued for its easy readability,

low price, and good service. Several possible replacements are being checked, all of which are likely to be more expensive.

Cedaredge:

Buckhorn Geotech Engineering Company in Montrose has agreed to calculate the flow capacity of the common system. That firm performed an inventory of the springs and collection pipelines in 2003. The engineer in charge of that project has left the company. It is believed that enough information is still available to do the calculations.

Jerry Figueroa reported that the wording of the Water Court decree for our alternate point of diversion of Alfalfa Ditch could present a problem, because it designates the Surface Creek intake as the main point, with the spring collection system as an emergency alternate, usable when the main diversion is not available.

Attorney Rob Pierce has agreed to ask the State Engineer for his interpretation of what conditions would be considered an emergency. It could be that poor water quality in Surface Creek would qualify.

Jerry Figueroa reported that he is studying the feasibility of diverting the Cedar Mesa Ditch wintertime domestic decree to USCDWUA for distribution. He said the decree is not currently used from the ditch because of ice damage to structures.

2600 Road Property:

Dan Hawkins reported that a potential buyer is looking at property on the west side of 2600 Road about half way between Cactus Park Road and Q25. The buyer has asked what the Association will do to help him obtain domestic water. Hawkins said he told him the usual arrangement is for the homeowner to pay for pipeline construction to the designated source, and to pay for the pipe that would be necessary to serve just one house. The Association will pay for oversizing the pipe to make it a main line and assume ownership of the main. The board agreed to sell a tap if requested, and to participate in over sized pipe, provided acceptable rights-of-way can be obtained.

Meeting adjourned at 9:00 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 14, 2014

Meeting called to order at 7:30 pm. Board members present were Brian Klaseen, Deborah Christner, Dennis Grunkemeyer, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman.

Also present were Dan Hawkins and Helen Hawkins

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the June 9, 2014 Board Meeting Minutes.

MOTION CARRIED with no votes.

Financial Report:

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to accept the June 2014 Cash Flow Report

MOTION CARRIED with no votes.

EOM Report:

The board noted a new tap sale to Nina Brown

Dan Hawkins reported that total system use is lower by one million gallons from June of last year.

Construction/Maintenance:

Dan reported a failure of one of the the Atlas-Copco air compressors in the treatment plant. The problem was traced to coagulated oil in the machine, and severe varnish buildup. The only explanation seems to be that incompatible oil was used at the most recent oil change. The original oil in the compressor was supplied by Pall in unlabeled gallon jugs, with "Food grade compressor oil" hand written on them. When that oil supply ran out, we purchased food grade compressor oil from the Atlas-Copco distributor in Montrose. Evidently that oil did not have the same formulation.

A varnish removing solvent has been obtained from the Atlas-Copco distributor in Grand Junction who advised running with the solvent for 24-48 hours continuously to loosen up the varnish. So far, the compressor has not started because all moving parts are gummed up too tight for the motor to turn. It is now totally disassembled, with parts soaking in the solvent. Many new parts have been purchased because the old ones are solidly stuck together and can't be taken apart further without destroying them.

DMEA:

DMEA is planning an underground primary cable on the North side of Cactus Park Road about one-half mile west of Meadow Drive. There is a USCDWUA six-inch pipeline also on the north side. It looks like there is plenty of room for the two lines to coexist without danger.

Haloacetic Acid:

There was a high concentration in a sample taken in June. It is not known yet whether it will place the Association in violation of drinking water regulations. The sample point is at the dead end of the six-inch pipeline on Rimrock Road about one-half mile north of the edge of Redlands Mesa. Bryan Klaseen suggested completing the pipeline to the bottom of the grade and connecting it there to an existing line to eliminate the dead end. For now, the dead end is flushed regularly to avoid buildup of the regulated substance.

Cedaredge:

The Board reviewed a map of the raw water collection system produced by Dan Quigley of Buckhorn Geotech. Along with it was a calculation of the maximum potential carrying capacity of the system, which showed that there is easily enough capacity to serve the Town of Cedaredge and USCDWUA.

The Board agreed to accept the report and to ask Cedaredge for a meeting within the next few weeks to present the report with the Mr. Quigley invited to attend.

Meeting adjourned at 8:30 p.m.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 11, 2014

The meeting came to order at 7:30 pm. Board members present were Brian Klaseen, Deborah Christner, Dennis Grunkemeyer, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman.

Also present were Dan Hawkins and Helen Hawkins

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the July 14, 2014 Board meeting minutes.

MOTION CARRIED with no votes.

Financial Report:

MOVED BY Bryan Klaseen

SECONDED BY Debbie Christner to accept the July 2014 Cash Flow Report

MOTION CARRIED with no votes.

EOM Report:

The system usage report showed slightly more water used in July than the same month of 2013.

Construction/Maintenance:

Dan Hawkins said the treatment plan's faulty air compressor is finally de-gummed and back in service. The expense was considerable, but was still lower than purchasing a new compressor would have been.

Hawkins reported the elimination of $\frac{3}{4}$ mile of galvanized pipe on 2600 road at the south end of Cedar Mesa. This was done by the final tie-in of a newer PVC line along the road .

Water Quality:

Hawkins said that a possible violation of drinking water standards for Haloacetic Acid that he reported earlier in the year did not occur after all. This was realized when the proper averaging procedure was done.

Cedaredge:

A meeting with the Town of Cedaredge August 5th was attended by Hawkins, Figueroa, Kline, Grunkemeyer, and Christner. After much discussion of details in the USCDWUA draft agreement and the Town's objections, it was mutually agreed that the Town should offer a fresh counter-proposal. The Board agreed to ask for the Town's response by September 15, in order that some sense of direction can be obtained by the USCDWUA annual membership meeting.

Meeting adjourned at 9:00 pm.

Respectfully Submitted


Dan A. Hawkins *Sec. - Trees.*

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 15, 2014

The meeting came to order at 7:30 pm. Board members present were: Brian Klaseen, Deborah Christner, Dennis Grunkemeyer, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins

Minutes:

MOVED BY Herman Kline
SECONDED BY Bryan Klaseen to accept the August 11, 2014 Minutes
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED BY Debbie Christner to accept the August 2014 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that no new taps were sold, and that two transfers were processed. Overall system usage was nearly the same as in August of 2013.

Budget progress report:

The Board reviewed a report on cash flow through nine months of the fiscal year. Revenues are at 73% of the forecast for the year; total expenditures are at 69%.

It was pointed out that the amount budgeted for a new vehicle has not been spent. Dan Hawkins said it probably will be used before year's end.

It was reported that the \$10,000 spent on professional fees is about evenly divided between engineering, CPA review, and attorney fees.

Construction/Maintenance:

Dan Hawkins reported that the Gary Kensler tap at the south end of Cedar Mesa was reconnected to the six-inch PVC line, abandoning the existing connection to the galvanized line, which is no longer in use.

A leak erupted through the pavement on 2550 Road north of Q50 Road. The pipeline is 4" steel with a tar wrap. Three leaks have occurred on the pipeline within about a half mile space.

On P-25 Road on Redlands Mesa, a 4" PVC line was cracked by a rock. The line has been in place 30 years.

Water Quality:

Dan Hawkins reported that lead and copper testing lab reports were received and showed no issues this year.

The recent algae-related taste and odor problems were discussed. Several members reported that activated charcoal filters such as Pur or Britta brands were effective in removing the taste. The idea of providing our members with such filters was explored, but there was not much support. Dan Hawkins said he could not explain why this problem has become so severe in the last few years. might be because of the schedule of when reservoirs are drained, which is not under our control.

Hawkins presented to the Board a worksheet with three possible alternatives for improving water quality. They are 1) to successfully reach agreement with Cedaredge on use of the common raw water collection system; 2) add additional treatment equipment such as carbon filters, or 3) attempt to remove algae from the reservoirs through chemical or biological treatment. Pros and cons of each were listed.

It was agreed that other alternatives to the common pipeline should be investigated in case an agreement cannot be reached with Cedaredge.

Well Permit:

Again, requests have been received for a letter of permission from USCDWUA to the Division of Water Resources that we will permit a well to be drilled within our territory. Dan Hawkins said he feels this is contrary to the State guidelines for granting well permits. After discussion, it was recommended that any letter should simply state whether or not USCDWUA is able to serve the property.

Cedaredge:

The Board reviewed the proposed Memorandum of Understanding received from the Town of Cedaredge. The main point of contention is that the Town insists that the current 80-20 ownership share in the raw water collection system remains as is, a non-negotiable point. Several Board members offered the opinion that further negotiations are unlikely to be productive.

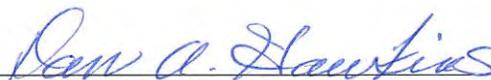
MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to talk with our lawyer and get an opinion as how to continue.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:00 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 13, 2014

The meeting was called to order at 7:30 pm. Board members present were: Brian Klaseen, Deborah Christner, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman. Also present: Dan Hawkins, Helen Hawkins and Elizabeth Welch.

Minutes:

MOVED BY Herman Kline
SECONDED BY Lynn Oliver to accept the September 15, 2014 Minutes
MOTION CARRIED with no opposing votes.

Financial Report:

It was noted that heating cost for the headquarters building are lower due to the switch from propane to natural gas.

Herman Kline asked about high vehicle parts expense. Dan Hawkins explained that it was for a brake job on the Chevy Colorado. The odd mounting arrangement of the front brake rotors requires extra parts and labor to service brakes.

MOVED BY Lynn Oliver
SECONDED BY Herman Kline to accept the September 2014 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that system usage is lower this month compared to last year. This has been true for almost every month of 2014 to date. One transfer was made during the month, with no new tap sales.

Construction/Maintenance:

Chlorine dioxide system upgrade: Paul Satre, engineer for CDG, the supplier of the chlorine dioxide generating system, visited the treatment plant and spent three days upgrading and testing the system. This was done at no cost, except for the purchase of one new electric valve at the option of USCDWUA. It was decided to replace the valve because a better design became available that does not run so hot.

Black polyethylene line leak was located near John Sulkey's house east of 2550 road. Four leaks have occurred on that pipeline over the last two years.

Leak on Hanson Road: Another typical failure of the slip-on couplings that were used to joint the schedule 80 plastic pipe along Hanson in the 1970's. Many have been replaced. There is no problem with the pipe itself, only the couplings, which split lengthwise.

Source Gas pipeline re-dig: Much of the gas pipeline installed last year along Surface Creek Road was placed too shallow. This was revealed when Delta County did road work and deepened the borrow ditches. The gas is now being re-installed deeper, placing it very close to some of our water lines. Three water line breaks have been caused so far, and a great deal of time is spent by USCDWUA monitoring the job.

Truck Purchase:

Dan Hawkins reported that while looking for a used truck he discovered it might be possible to buy a new one for not much more money. One example was at Hellman Chevrolet in Delta, a new full-size Chevy half-ton four wheel drive truck for \$31,000.

Jerry Figueroa suggested shopping further to see if that price could be beat at other dealers. The budgeted amount for vehicle purchase is \$20,000. Jerry suggested looking into a dealer in Idaho that is known for low prices.

Whatever is purchased would be a replacement for the 1997 Chevy S-10, which is getting worn out and has needed frequent repair.

MOVED BY Bryan Klaseen

SECONDED BY Debbie Christner to authorize Dan to purchase a new truck, and try to find the lowest price.

MOTION CARRIED with no opposing votes.

Water Quality:

The recent episode of poor taste and odor was discussed. It seems to have largely dissipated, possibly because the offending reservoir(s) are shut off. Dan Hawkins reported that he consulted with Deb McCoy of Filter Tech in Grand Junction. She offered to do a small scale test using a bench top model of an ultrafiltration membrane, at no cost to USCDWUA.

Hawkins said he also talked to an engineer in Durango who was recommended as having experience with taste and odor issues. He has offered to have a proposal ready for the annual meeting, but the cost of his study is yet unknown.

Cedaredge: The Board discussed the letter sent by attorney Rob Pierce to the Town of Cedaredge. The letter outlined the four points essential to USCDWUA if agreement is to be reached. No response has been received yet.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 10, 2014

The Meeting came to order at 6:30 pm. Board members present were Brian Klaseen, Lynn Oliver, Herman Kline, Jerry Figueroa and Ellis Fritchman.
Also present: Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the October 13, 2014 Minutes
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Herman Kline
SECONDED BY Lynn Oliver to accept the October 2014 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that October water usage is once again less than last year. One tap transfer was made.

Construction/Maintenance:

Leak, South of Ute Trail Road: This involved a six-inch tar-wrapped steel pipeline. Dan Hawkins said he was surprised to find that the line is six inch. It was always believed to be four-inch in that area.

Leak, 2550 Road: This leak involved a four-inch tar-wrapped steel pipeline. The repair required removing a significant area of pavement on 2550 road. This is the third such leak this year within about ¼ mile on this particular pipe. All of them are rust pinholes. All repairs caused damage to the road pavement.

Leak, 2375 Road: This leak was a rust pinhole on a one-inch galvanized pipe. Road damage was necessary to make the repair. Hawkins reported that Delta County no longer will repair road damage caused by USCDWUA. In the past, it was permitted to pay for the damage and the County crews would make repairs. A private contractor will need to be hired to do the patching.

Harfst and Frey meter relocate - Oriole Road: A 2½ inch galvanized pipeline is now abandoned along 2600 Road and Oriole road. Meters owned by Harfst Estate and Rob Frey were relocated to the newer six-inch PVC line now in service.

Vehicles:

Dan Hawkins reported that an attractive price was offered for a new 2014 Chevrolet work truck by Dave Smith Motors, a dealer in northern Idaho. The price was \$4000 to \$6000 lower than any local dealer could offer. Dan Hawkins made the trip at a cost of \$ 875.00. The total purchase price of the truck with tax was \$26,782. Hawkins thanked Jerry Figueroa for the research and legwork he did in setting up the purchase.

Water Quality:

The engineering firm of FEI, located in Durango, proposed a study of the system's intermittent taste and odor problem. The cost would be \$20,000. This amount is for the study only, not any equipment or construction. Dan Hawkins said he rejected the proposal. He is

talking to Deb Jensen, owner of Filter Tech in Grand Junction. Ms. Jensen has offered to do pilot testing on our water and make a recommendation.

Cedaredge:

The Board reviewed a letter from Steve Harper, Town of Cedaredge Attorney. Mr. Harper expressed an opinion that USCDWUA and the Town may be at an impasse in our negotiations. The Town will not consider granting any greater ownership of the raw water collection system than the current 20%. Mr. Harper suggested that if USCDWUA wants compensation for its share of the common system, that we should get an appraisal and negotiate a buyout by the Town.

It was agreed to consult with attorney Rob Pierce before proceeding any further, and to discuss at the next Board meeting what kind of proposal to put before the membership at the Annual Meeting.

Other:

Steve and Eunice Ward fire hydrant: Dan Hawkins explained that at the time taps were purchased for two lots in the Ward Dry Creek Meadows subdivision, \$6,000 was also paid for future line extension and installation of a fire hydrant. Hawkins said he has put off doing this job because of the inadequacy of the lower-pressure 2½ inch line in that area, and the dangerous pressure in the 8-inch line. The 2½ inch line needs to be upgraded, and will be done in conjunction with the scheduled re-alignment of Cedar Mesa Road.

The Wards have expressed disappointment that the fire hydrant has not been installed as promised, and have requested that their payment be returned. Hawkins said he believes that is the best resolution for the time being. He said when the upgrade is completed in conjunction with the County Road work, a hydrant can safely be installed.

MOVED BY Dennis Grunkemeyer

SECONDED BY Lynn Oliver to refund \$6,000 to Steve & Eunice Ward, with the commitment to install a hydrant at the normal price when the new line is ready.

MOTION CARRIED with no opposing votes.

Michelle McPherson:

Michelle is the daughter of Brian and Kate McPherson who are members on Cedar Mesa. The McPherson family has a long history of involvement and leadership in USCDWUA. Michelle is six years old and suffering from a serious brain tumor requiring expensive medical treatment and travel to Denver. A fund has been established to help the family. At a recent fund raiser hosted by Fritchman Orchards, Dan Hawkins donated \$500 from the Association.

Discussion of satellite locating equipment:

It was suggested that the staff look into buying a system such as "Spot," which is a small gps and satellite communicator. It is used to keep track of people who are alone in remote locations. It works by sending a message such as "I am here," or "help."

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins Sec - Treas.

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 5, 2014

The meeting came to order at 6:30 pm. Board members present were: Brian Klaseen, Lynn Oliver, Debbie Christner, Dennis Grunkemeyer, Herman Kline with Jerry Figueroa, presiding. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the November 10, 2014 Board Meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the November 2014 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

It was reported that one tap transfer took place during the month, and that system usage was about a half million gallons lower than December of 2013.

Construction/Maintenance:

Dan Hawkins reported that two leaks were discovered in the steel supply line for Parkwood Subdivision, and were repaired with patch bands. He said five other leaks that have been repaired on County roads this summer resulted in damaged pavement. Peterson Excavating was hired to do asphalt patches, at a total cost of \$3500.

Hawkins said there were two construction projects completed. A fence was built on Redlands Mesa to enclose the upper water tank, and new garage doors were ordered for the shop. The fence was built by R.L. Smith Fence of Delta, and the doors were provided and installed by West Elk Door of Eckert.

Cedaredge:

Jerry Figueroa reported that the Board had a telephone conference with two attorneys of the Grand Junction firm of Dufford, Waldeck. One of the attorneys is Rob Pierce who has been helping with the attempted negotiated settlement with the Town. The other is William DeFord, who has experience with partition lawsuits. He was recommended by attorney Pierce as the appropriate person to represent USCDWUA if the decision is made to proceed with a lawsuit.

Mr. Deford estimated that the legal cost of a partition lawsuit could be \$50,000, if the issue actually goes to trial. He said that in his experience a settlement is reached before trial, and so the fees could be somewhat less. Mr. Deford said that USCDWUA must get a professional appraisal of the common system before proceeding with a partition action. Wright Water Engineering was recommended as a suitable firm to conduct such an appraisal.

Extensive discussion by the Board followed this report. Dan Hawkins said that the appraisal that was purchased in 2008 cost \$3,200. Hawkins said he has spoken with a

representative of Wright Water Engineering and learned that an appraisal could cost from \$5,000 to \$20,000 depending upon what level of appraisal is required for a court trial.

Jerry Figueroa said that as alternatives to the partition action, the Association can continue to try to negotiate with the Town of Cedaredge, or accept a settlement that does not involve a cash buyout but some other form of altered ownership, such as an increased share of the raw water collection system as has been attempted through negotiation. He conducted a poll of the Board members to see what they prefer. All replied that they feel a cash buyout is the only option left to USCDWUA. It was also agreed that the matter must be presented to the members at the upcoming annual meeting.

BUDGET

Dan Hawkins went through the proposed budget with the Board. He pointed out the expenditure of \$50,000 proposed to conduct a partition lawsuit. Jerry Figueroa said that it must be clear that if the Board and members accept the \$50,000 as a part of the budget, then the lawsuit against Cedaredge is being accepted.

MOVED BY Bryan Klaseen

SECONDED BY Debbie Christner to recommend the budget to the members.

MOTION CARRIED with no opposing votes.

It was brought up that the members are going to want to discuss the problem of taste and odor in the water. The board can present the option of doing nothing or spending the money for additional treatment equipment. Hawkins estimated that it could cost \$200,000 for such equipment. This is not shown in the current budget, but could be added by the members at the annual meeting.

Jerry Figueroa suggested a Christmas Bonus for the employees.

MOVED BY Debbie Christner

SECONDED BY Dennis Grunkemeyer to give the full time employees \$750.00 and the part-time employees \$500.00.

MOTION CARRIED with no opposing votes.

Other:

It was agreed to select Gerhard's Restaurant in Delta for the Company dinner on a January date to be decided.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

**Upper Surface Creek
Domestic Water Users Association**

Minutes of Organizational Meeting
December 9, 2014

The meeting came to order at 8:45 pm following the Annual Membership Meeting at Cedaredge Community Center. Gerald Figueroa presided. Mr. Figueroa called for nominations of officers to serve in 2015.

MOVED BY Bryan Klaseen
SECONDED by Deb Christner to elect Gerald Figueroa as President for 2015.
MOTION CARRIED with no opposing votes.

MOVED BY Bryan Klaseen
SECONDED BY Deb Christner to elect Herman Kline as Vice-President for 2015.
MOTION CARRIED with no opposing votes.

Mr. Figueroa then called for a motion to appoint a Secretary Treasurer.

MOVED BY Gerald Figueroa
SECONDED BY Bryan Klaseen to appoint Dan Hawkins as Secretary-Treasurer for 2015.
MOTION CARRIED with no opposing votes.

Discussion was held concerning the annual Board and Employee dinner. Hawkins was instructed to organize the dinner in the second week of January and Gerhardt's Resaurant was suggested as the first choice.

Meeting adjourned at 9:05 pm.

Respectfully Submitted: *Dan A. Hawkins*
Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 9, 2015

The meeting came to order at 6:30 pm, chaired by Jerry Figueroa. Board members present were Brian Klaseen, Lynn Oliver, Debbie Christner, Dennis Grunkemeyer, Ellis Fritchman, Herman Kline and Jerry Figueroa. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Jerry Figueroa
SECONDED BY Debbie Christner to accept the Minutes of Dec 5, 2014 Board Meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED BY Ellis Fritchman to accept the December 2014, January 2015 and February 2015 Cash Flow Reports
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that system water usage continues to be lower than last year for the same month.

Construction/Maintenance:

Leak, Rimrock Road south of the intersection with Redlands Mesa Road. A 2-inch PVC pipe cracked at a bell-and-spigot joint. The probable cause was improper installation, when the spigot end was pushed too far into the bell, preventing any flexibility in the joint.

Leak, North Road: This was also on Redlands Mesa, at the service connection for David Whittlesey. The cause was rusted galvanized pipe. The service was replaced with copper.

Valve vaults lids for 2900 Rd. New lids are being made. There are 54 pressure reducing valves on the system. About half are probably in need of new lids (roofs). The design of these roofs is being changed to make them more weather proof and to provide stand-up room inside the vaults.

Upgrades planned for Treatment Plant air compressors: A recurring problem with the air compressors has been tripping circuit breakers on startup. If air pressure falls too low, the treatment plant shuts down, and this is the first warning of trouble at the plant. Dan Hawkins said the fault will be fixed by replacing the single-phase motors on the compressors with three-phase, and controlling the motors with VFD drives. This will allow a "soft" startup, drawing less electrical current. A similar fix was made on a water pump at the plant with good results.

Disposition of vehicles:

1990 Dodge: This truck is seldom used any more, and is mostly taking up space in the shop. Dan Hawkins said that, unless the Board felt it necessary to advertise the truck, he would offer a price of \$2,500 for it.

MOVED by Jerry Figueroa

SECONDED by Bryan Klaseen to sell the 1990 Dodge Truck to Dan Hawkins

MOTION CARRIED With no opposing votes

1985 Chevrolet: Lynn Oliver suggested cutting the truck in half and make a tool trailer out of it, because the fiberglass utility bed is still in very good shape. It was agreed to think about this option, versus selling the truck as is.

Town of Cedaredge:

The Board reviewed two documents pertaining to the Town. The first was the appraisal or "Engineer's estimate of value" provided by Wright Water Engineers. The valuation of the common system was \$2.5 million, making the 20% USCDWUA ownership worth \$500 thousand. The second document was a draft letter from attorney William DeFord to the Town, asking for a cash buyout of the USCDWUA share, pending a partition lawsuit.

The DeFord letter contemplated USCDWUA giving up its shared ownership of the diversion vault as well as all other commonly owned assets. Since the diversion vault is still in use by the Association, this topic was discussed. It was finally decided that USCDWUA could build its own vault to duplicate the function of the diversion vault, which is to control the filling of the Milk Creek Tank. The USCDWUA pipeline into the diversion vault can be retained for the purpose of emergency interconnect between the two system.

Chairman Figueroa polled the Board members individually, asking if there are any reservations about proceeding with a partition lawsuit against the Town if necessary. None were expressed. The Manager was instructed to have the attorney present the letter to the Town.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 13, 2015

Meeting called to order at 7:30 pm. Board members present were Bryan Klaseen, Lynn Oliver, Debbie Christner, Dennis Grunkemeyer, Ellis Fritchman and Jerry Figueroa. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to accept March 9, 2015 Board Meeting Minutes as written and provided in advance of the meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Debbie Christner
SECONDED BY Dennis Grunkemeyer to accept March 31, 2015 Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Dan present the End of Month Report for March. System water demand was higher compared to one year ago. There were five transfers.

Construction/Maintenance:

Dan Hawkins reported that new parts for one of the three turbidimeters in the treatment plant needed to be purchased due to a failure of the instrument. It is believed the repair can be accomplished in house.

Quarterly Water Quality Tests:

Dan Hawkins reported that disinfection byproducts for the first quarter of the year were low.

Insurance:

Liberty Mutual Insurance has dropped our policy for property and liability Insurance, effective May 20. No explanation was offered except "Does not meet our company guidelines." Christina Lundy of Mountain West Insurance in Montrose is the agent for the policy, and she is shopping for another insurance provider.

Cedaredge:

Dan Hawkins said he learned that the Town had a special meeting on April 9 to discuss the USCDWUA request for a buyout of the common system. Our attorney had asked for a response to his letter within three weeks of its receipt. It is already past that time. Jerry Figueroa offered to email the attorney and ask if any response had been received yet.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 20, 2015

The meeting came to order at 7:30 pm. Board members present were: Dennis Grunkemeyer, Bryan Klaseen, Lynn Oliver, Ellis Fritchman and Jerry Figueroa. Also present were Dan Hawkins and Helen Hawkins.

Cedaredge

The Board reviewed and discussed the letter received by our attorney from the Town of Cedaredge. The letter states that partition is not an allowable action for settling our joint ownership. Other points in the letter were that USCDWUA built its treatment plant in violation of the agreement, and that the Town had already made a generous offer to assist in the construction of a diversion vault to give USCDWUA access to the raw water pipeline.

Chairman Figueroa polled the members present for their opinions on how to proceed. All agreed to proceed with the formal partition process, pending a consultation with attorney DeFord to get his opinion of the points raised in the Town's letter. It was agreed to set up a meeting in Grand Junction for as many Board Members as may be able to attend.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 11, 2015

The Meeting was called to order at 7:30 pm. Board members present were Bryan Klaseen, Lynn Oliver, Herman Kline, Debbie Christner, Ellis Fritchman and Gerald Figueroa. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the April 13, 2015 Board Meeting Minutes as written and distributed before the meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

Along with the monthly Cash Flow Report, the Board was provided with the CPA Review Report from Blair and Associates.

Dan Hawkins pointed out the purchase of a spare pump for the treatment plant. The pump that is now in service is leaking a little and in need of a rebuild.

MOVED BY Lynn Oliver

SECONDED BY Debby Christner to accept April 2015 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Total system usage was about one-half million gallons greater than the same period last year.

Construction/Maintenance:

Dan Hawkins reported on several maintenance jobs:

Timothy Road: 4" line: A four-inch PVC pipeline burst south of Timothy Road. The line serves two homes and a fire hydrant. The pipeline was installed by a contractor working for the homeowners. It appeared that the cause of the break was over aggressive pipe joint assembly causing the spigot end of the pipe to bottom out in the bell. This defeats the desired flexibility of the joint.

Faulty Fitting on 2375 Road: A compression fitting is leaking on a four-inch pipeline along 2375 Road north of Tabor Road. This fitting has leaked before. Two years ago it was uncovered and tightened, which stopped the leak at the time, but it has returned. A new meter is being installed at that location, so a new fitting will be installed at the time the line is uncovered. This work is scheduled for tomorrow.

Pump Failure: A new chemical injection pump was recently installed in the treatment plant, to replace one that was making grinding noises in its gearbox. The new pump began making a loud

howling noise almost immediately. A new pump has been ordered, which will be provided under warranty by the vendor.

Tool boxes for Chevy Silverado: New bedside toolboxes have been purchased for the 2014 truck to add storage room. The boxes were found at Tractor Supply company.

Insurance:

Liberty Mutual Insurance has announced that coverage for the Association's buildings and commercial liability will be canceled May 20. The reason given is, "no longer meets our guidelines." Chris Lundy is the account executive at Mountain West Insurance in Montrose, where the policy was purchased. She is working to find a replacement insurer.

Cedaredge:

The Board was provided with a written history of relations between USCDWUA and the Town of Cedaredge from 1996 to the present. This was prepared by Gerald Figueroa and Dan Hawkins as an aid to attorney William DeFord.

A letter from Cedaredge attorney Steve Harper in response to attorney DeFord's threat of a partition lawsuit was also reviewed and discussed. The letter's main points were that the Town has already offered a fair resolution and that a partition is not a legal remedy for the situation. It was decided that Dan Hawkins, Gerald Figueroa, and as many Board members as could come should meet with attorney DeFord to learn his position on the Town's letter, and to finalize plans to proceed with the lawsuit, if appropriate.

Wells:

Gerald Figueroa reported that Mr. Adam Graham applied for and received a well permit on property located on the west side of 2600 Road between Q25 and Cactus Park Roads. Dan Hawkins had discussed the availability of a water tap with Mr. Graham in 2014, and the Board had agreed in June of that year that a tap is available, and that the Association would participate in construction of a pipeline along 2600 Road to the extent of oversizing the pipe. Mr. Graham later objected to the cost of extending a pipeline, and asked Hawkins to write a letter of permission to drill a well. Hawkins told him the only letter that could be written would be one that confirms the availability of a tap, not permission for a well.

Gerald Figueroa said he researched the well permit, and found that Mr. Graham made application at the Department of Natural Resources office in Denver, rather than in Montrose, which should have been the permitting venue. The application did note that the property is within a domestic water system service area. Gerald said he is awaiting an explanation for why the permit was issued, which seems to be contrary to the Department's own guidelines.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 15, 2015

The meeting came to order at 7:30 pm. Board members present were Dennis Grunkemeyer, Lynn Oliver, Debbie Christner, Ellis Fritchman and Jerry Figueroa. Also present: Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Debbie Christner
SECONDED BY Jerry Figueroa to accept May 11, 2015 Board Meeting Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

Jerry Figueroa led a conversation about the question of collecting installation fees at the time of tap purchase versus the time of installation. The cost of materials steadily increases, which argues against charging the fee up front with the tap purchase. On the other hand, members are often surprised that a fee is due, in some cases, years after the tap was purchased. No action was taken on the subject.

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept May 2015 Cash Flow Report
MOTION CARRIED with no opposing votes.

Budget Progress Review:

Dan presented the six month budget progress report. Income is about 46 % for the year. The amount spent on operations was about 51 %. Hawkins said this is normally the pattern, as expenses are higher in the first half of the year, while water sales are lower. Rain from April through early June has kept water use by customers lower than usual.

EOM Report:

No new taps have been sold. System usage is lower than the same month last year.

Construction/Maintenance:

Meter relocation, Panorama Heights

A service line serving Robert Morris, whose home is at the old Cedaredge dump site, leaked in the middle of the paved entrance road to Panorama Heights. Richard Belden had bored and place a sleeve under the road to house a new line. It was decided to move the meter to the southwest side of the road from its location which was too close to the road on the Northeast side.

Brass blowout, Hanson Road: Dan Hawkins showed the Board several faulty brass parts that have caused leaks recently. Since the federal no-lead rule, brass has increased in price so that it is now more expensive than stainless steel. It is believed that stainless steel fittings are stronger, and an order has been place for a stock of stainless fittings to try.

Pinhole leak on T -- 75 Road: This leak in a two-inch galvanized surfaced today, and has been repaired. An asphalt patch will be required.

Commercial Building/Liability/Auto Insurance new policy:

Dan Hawkins reported that a new insurance policy covering property, vehicles, and liability has been issued to replace the previous policy on Liberty Mutual. The new company is Gladfelter Public Practice, who specialize in insuring public utilities.

Cedaredge:

Dan Hawkins and Jerry Figueroa reported on a meeting with attorney William DeFord to settle any remaining questions before filing a partition lawsuit against the Town. Mr. DeFord said the first step before trial will be for the Judge to order a mediation, as an attempt to settle before trial. DeFord also said that the Town attorney's claim that partition does not apply in this case is not valid.

The Board reviewed the written "complaint," which is the actual filing of a suit, received from the attorney. After quite a bit of conversation the board decided to tell the lawyer to go ahead and file the complaint.

Other:

Mr. Charles Speorel has contacted Dan Hawkins about purchasing a tap for a new home he is building on the south side of Peach Road about ¼ mile west of 2600 Road. Hawkins said the Speorel property offers a possible route for a new pipeline to go around the old galvanized line running south through Ed Baddings property in swampy ground. Mr. Speorel and his wife seem agreeable to granting easement, but they requested time to think it over.

Jerry reported that he contacted the State with a complaint about the issuing of well permits within the USCDWUA service area. The Division of Water Resources admitted that they "screwed up" by issuing a permit to Mr. Graham along 2600 Road. However, the permit will not be vacated, as the well has already been completed.

Meeting adjourned at 9:00 pm.

Respectfully Submitted


Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 13, 2015

The meeting came to order at 7:41 pm, Jerry Figueroa presiding. Board members present were: Dennis Grunkemeyer, Herman Kline, Lynn Oliver, Debbie Christner, Bryan Klaseen, Ellis Fritchman and Jerry Figueroa. Also present: Dan Hawkins and Helen Hawkins

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept June 15, 2015 Board Meeting Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

Herman Kline noted that the June fuel bill was abnormally small. Helen Hawkins explained that it was only a reimbursement for using a private credit card when away from the Cedaredge gas station. The billing that would normally appear for June had been received early and paid May 31.

MOVED BY Debbie Christner

SECONDED BY Dennis Grunkemeyer to accept June 2015 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Dan gave the board a chart showing the trend in system usage from January 2006 to May 2015. The chart shows a steady downward trend over the last five years.

Construction/Maintenance:

Leaks, (2) steel line on 2550 Road: Dan Hawkins reported that this pipeline has seen about seven leaks within a quarter mile in the past two years. Each one has resulted in damaged pavement requiring expensive repair. The line needs to be replaced and re-routed out of the road. About the only available route is on the Christenson/Bowen property on the east side of 2550 Road.

Brass blowout, Lone Pine valve vault: Hawkins reported that this failure has become typical of small brass fittings used on the pilot system of main line pressure regulators. The lead-free brass mandate has apparently resulted in lower strength and higher prices. A batch of stainless steel fittings has been purchased with a plan in mind to phase out the brass. The stainless is less expensive than no-lead brass.

Manufacturing defect in HDPE service line: Hawkins showed the Board a small section of HDPE "Pure Core" pipe that was brought in by a customer, who had installed it for a service line. His line leaked, and the cause was a manufacturing defect that looked like some particles of slag had been molded into the inner wall of the pipe.

Moronic mowing, Surface Creek Road: At the residence of John Sangosti on Surface Creek Road, two meter lids were destroyed by a tractor mounted mower, apparently operated by a

person hired by Sangosti. The lids have been replaced, at a cost of \$120, which will be billed to the homeowner.

Robin Road: There is water seeping from the yard of Connie Pieper who lives on Robin Road. She and some of her neighbors are convinced that it is due to a main water line leak. The main line is 1½ - inch pvc, with gasketed couplings that have been known to leak in the past. The location of the seepage does not seem likely to be caused by the main line, however. Dan Hawkins said there are other sources of water including unusual rains, that are probably contributing. He said he believes the saturated hillside property is hazardous, because it could become unstable and slide. Also, the Pieper sewage disposal system is overwhelmed, causing contaminated water to come to the surface. Hawkins said that American Leak Detection has been hired to help investigate, and that he believes we have to determine for sure whether or not USCDWUA is contributing to the problem.

Hawkins said that a large boulder may have been placed on top of the main water line by a neighbor clearing land for a shop building. He speculated that the rock could have damaged the water line due to its size and weight.

MOVED BY Bryan Klaseen

SECONDED BY Debbie Christner to give James Scott notice to move the rock if it is determined that it is on the water line.

MOTION CARRIED with no opposing votes.

Cedaredge:

The Attorney for the Town of Cedaredge has requested an extension of time in which to respond to the complaint filed by USCDWUA. The date for their response is August 15.

Jerry Figueroa said that he will be on an extended trip from mid August through mid September.

Dan Hawkins said he has talked with Wright Water Engineers about a study of possible ways to ensure the availability of raw water in case of fire in the watershed. WWE has quoted a cost of \$2,750.00 for the study, which would probably take place in August.

MOVED BY Dennis Grunkemeyer

SECONDED BY Debbie Christner to move forward with the study.

MOTION CARRIED with no opposing votes

Other:

Guadarrama Subdivision: This proposed two-lot subdivision on Rhapsody Road is a parcel already served by two USCDWUA water taps. There is also a fire hydrant nearby. There does not seem to be anything required from USCDWUA except that existing easements be shown on the plat.

Meeting adjourned at 9:00 pm.

Respectfully Submitted:


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 10, 2015

The meeting was called to order at 7:41 pm. Board members present were Herman Kline, Lynn Oliver, Debbie Christner, Bryan Klaseen, Ellis Fritchman and Jerry Figueroa. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED Herman Kline to approve July 13, 2015 Board Meeting Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED BY Debbie Christner to accept the July 2015 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

The usage of water continues to be lower than the same time last year. Bryan asked about several meters that showed high usage. Dan Hawkins said that they were mostly due to leaks. A major leak was reported by Mary Henry (the old Melvin Nash place on 2600 Road). It was a plumbing break under the house, which is unoccupied.

Construction/Maintenance:

- a) Compressor fried, treatment plant: The compressor developed an oil leak causing overheating. An over-temperature switch failed to shut off the compressor, and it ran until it seized. The motor is being converted to 3-phase while the compressor is down.
- b) New valve house roof, 2900 Road: This is part of an ongoing program of replacing deteriorated valve vault roofs. Instead of the old flat lids, the new design allows an operator to stand up inside, they have better air circulation, and they do not suffer condensation damage as badly.
- c) Robin Road Seep: One very minor leak was found by exploratory digging and repaired. Its location on the hill made it impossible for it to be contributing to the water surfacing in Connie Pieper's yard. American Leak Detection spent a day and a half listening for other leaks, and did not detect any. The large boulder discussed at last month's meeting can stay in place, as it is not on the water line as was feared.

Cedaredge:

The Board discussed the Town's response to our demand for partition, and comments on it from attorney Willie DeFord. Lynn Oliver had some specific questions he would like to discuss with the attorney.

Debbie Christner said she had researched the "Twin Lakes" ruling which the Town had used as a precedent for their contention that a jointly-owned municipal water system was legally prohibited from doing a partition. She said that in that case, the agreement between the parties specifically barred partition action.

The board agreed to give our attorney time to study the response and discuss the Town's defense statements with the Town's attorney, then arrange a Board meeting with Mr. DeFord.

Meeting adjourned at 9:00 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary – Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 14, 2015

The meeting was called to order at 7:41 pm. Board members present were Herman Kline as chairman, Lynn Oliver, Debbie Christner, Bryan Klaseen, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Corrections: The title of the minutes was misprinted July 10, 2015 instead of August 10, 2015. Also, a recorded motion to accept the Financial Report contained a typo "1915" that should have been "2015."

MOVED BY Lynn Oliver
SECONDED Bryan Klaseen to approve August, 2015 Board Meeting Minutes as corrected.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out that attorney fees are below what was budgeted, and it is unlikely that the full budgeted amount will be spent this year.

Hawkins explained that the asset expenses included added electrical equipment at the treatment plant to operate the compressors on three-phase power.

MOVED BY Bryan Klaseen
SECONDED BY Debbie Christner to accept the August 2015 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

The system usage of water in August was higher than August of last year. Four accounts have high usage because of discovered leaks.

Construction/Maintenance:

Dan Hawkins reported that four more leaks have occurred this year on the 4-inch steel pipeline running in 2550 Road in the vicinity of Q50 Road. Each of these repairs is costly, because of damage to the road pavement. Hawkins proposed to replace approximately 2000 feet of the pipeline with 6-inch PVC and to seek easements outside of the road right-of-way. He estimated the cost at \$25-\$30 thousand.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to start work on the 2550 Road pipeline replacement.
MOTION CARRIED with no opposing votes.

EPA/CDPHE:

Dan explained a new rule from CDPHE for computing compliance with disinfection byproducts. The compliance was formerly determined by a running annual average of four quarterly samples. It has been changed so that the lab result from the most recent quarter is doubled, then averaged with the previous quarters. This makes it difficult to comply in case of a particularly high result in a single quarter of the year.

Cedaredge:

The Board discussed a Motion to Strike which has been submitted to District Court in the partition case against Cedaredge. The motion asks the judge to strike several of the defenses raised by the Town, including the claim of expired statute of limitations and the claim that USCDWUA has no legal standing for partition. The Board generally felt that this motion cleared up questions that were previously discussed, and it was concluded that there is no need for a meeting with our attorney at this time.

Wright Water Engineers:

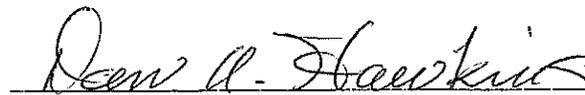
Dan Hawkins reported on a tour of the water collection and treatment system with Carl Kingery an engineer from Wright Water. Mr. Kingery observed that there could be several options for an alternate water source in case of a fire or other disruption to the Surface Creek intake. They included

- Drilling a well or wells on the treatment plant property
- Construction of raw water storage tank or reservoir
- Development of a spring known to exist on the property
- Horizontal stream bed well, which would collect water that percolates through the rocks and gravel of Surface Creek.

Mr. Kingery will present a proposal to investigate the feasibility of these options by the next Board Meeting.

Meeting adjourned at 8:45 pm.

Respectfully Submitted,



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 12, 2015

The meeting was called to order at 7:35 pm. Board members present were Herman Kline, Gerald Figueroa, Lynn Oliver, Debbie Christner, Ellis Fritchman, Bryan Klaseen, and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

The Board reviewed the written minutes as distributed before the meeting.

MOVED BY Brian Klaseen

SECONDED Herman Kline to approve the September 14, 2015 Board Meeting Minutes as presented.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins commented on the increasing cost of waterworks materials and supplies. As an example, he noted that meter yokes have escalated from \$100 to \$280 in four years.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to accept the September 2015 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

The Board reviewed the End of Month Report. Dan Hawkins commented that system water use was greater in September than for the same month last year.

Proposal from Wright Water Engineers

The Board reviewed a proposal from Wright Water Engineers to study mitigation options in case of a forest fire in the USCDWUA source water drainage. After discussion, it was decided to ask Wright Water to modify the proposal to eliminate options which the Board does not feel it necessary to spend money on, for instance a study of the option to provide bottled water to customers in case of a prolonged outage. The Board would prefer to concentrate on alternative water sources, particularly wells. Another attractive option may be horizontal stream bed infiltration galleries, or "wells."

It was generally agreed to proceed with the study, pending acceptable modifications, which will need to be reviewed by the Board.

New CDPHE rules regarding disinfection byproducts:

At the previous Board Meeting, Dan Hawkins had informed the Board about a new rule which apparently placed the Association in violation of the maximum average level of Haloacetic Acid (HAA5). Hawkins reported that he had misinterpreted the rule, and that no violation has occurred. However, it is necessary to make an operational report to CDPHE explaining the probable cause of one high level sample.

Town of Cedaredge Legal Action:

The Board reviewed two email communications from attorney William DeFord. It appears that the partition lawsuit is at a point where the judge must rule on DeFord's motion to strike some of the Town's defenses before there is further progress.

Other:

Dan Hawkins reported that two requests were made to move meters. One is in Parkwood Subdivision, where a resident's service line from meter to house needs replaced due to a history of leaks. The line runs through a part of a neighbor's property. It is best to route the new line around the neighboring property, which may require a relocation of the meter.

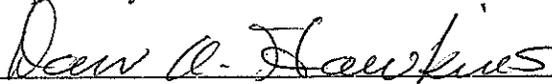
The second meter is for Ron Surprise, who owns part of the former Wolf property on Rimrock Road in the Dry Creek area. That meter is now on Wolf property due to a boundary adjustment.

The Board agreed that these requests are reasonable, and that charge should be made for labor and any incidental materials used, but the normal meter installation fee need not be charged.

Hawkins reported that the 2550 Road project is still pending the acquisition of useable easements.

Meeting adjourned at 8:45 pm.

Respectfully Submitted:


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 16, 2015

The meeting was called to order at 6:30 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Ellis Fritchman, Bryan Klaseen and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Lynn Oliver
SECONDED Herman Kline to approve October 12, 2015 Board Meeting Minutes as written and distributed before the meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Dennis Grunkemeyer
SECONDED BY Lynn Oliver to accept the October 2015 Cash Flow Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that system usage was higher than October of the previous year. He noted that no new taps were sold, and it is unlikely that any will be sold in 2015. It would be the first year with no tap sales since 1965.

Construction and Maintenance:

Parkwood service line rebuild: Hawkins reported that the leaking service line to the residence of Betty Williams in Parkwood subdivision was accomplished without moving the meter, as was contemplated earlier. However, the main line connection to the meter was accidentally broken by the contractor, resulting in a two-hour outage for the subdivision.

Parkwood main line replacement: A 4-inch steel branch pipeline crossing Surface Creek Road to supply Parkwood Subdivision has developed a leak, which is its third in two years. This leak is in the interior of the block wall of a valve vault. Hawkins said it is best to replace the line, as it was built in the 1970's and might leak under the pavement, causing expensive damage. Eric Fritchman has proposed to replace the line without trenching across the road. The process will be to split the old steel pipeline using his road boring machine, and then pull the split pipe out and pull in a PVC pipe. This is scheduled to be done within a few days.

2550 Road Leak: Another of a series of leaks has sprung on 2550 Road near Q-50 Rd. A replacement pipeline is planned, and materials have been purchased. Hawkins said he is not confident of cooperation from the Bowen family who owns the majority of the property that would be impacted by a new line east the road right-of-way. Gerald Figueroa said Ron Romanski has offered to allow an easement if the line needs to go through his property on the west side of the road.

Sanitary Survey of backwash ponds:

CDPHE scheduled an inspection of our backwash ponds with one-day notice. The opinion of the inspector was that the operation of the ponds is "marginal" because there have been occasional exceedances of the allowed limit for TSS – total suspended solids.

Budget

The board studied the proposed budget for 2016. Hawkins said the draft is not the final version, since there are still two weeks left in the fiscal year. It was decided to skip a December Board meeting, since the annual Membership meeting comes early in the month. Hawkins was instructed to email the final draft of the budget to the Board members for review.

Board members whose terms expire this year are Bryan Klaseen, Ellis Fritchman, and Dennis Grunkemeyer. Each of them agreed to stand for re-election if requested by the membership.

Meeting adjourned at 7:45 pm.

Respectfully Submitted


Dan A. Hawkins

UPPER SURFACE CREEK
DOMESTIC WATER USERS ASSOCIATION

Minutes of Board Organizational Meeting
December 8, 2015

The meeting convened at 8:40 pm following the annual Membership meeting at the Cedaredge Community Center. The first order of business was election of President of the Board

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to re-elect Gerald Figueroa as President
MOTION CARRIED unanimously.

Gerald Figueroa asked Herman Kline if he would continue as Vice President. Herman commented that he is contemplating retiring from the Board for health reasons, but agreed to another year.

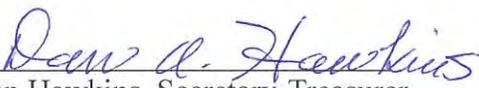
MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to re-elect Herman Kline as Vice President
MOTION CARRIED unanimously.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to appoint Dan Hawkins as Secretary-Treasurer
MOTION CARRIED unanimously.

The time and place for the annual Company dinner was discussed. All agreed that the first week in January was acceptable, with Tuesday agreeing with most. Dan Hawkins was instructed to make arrangements, with Daveto's Restaurant and Cynthia's Restaurant suggested as possibilities.

Meeting adjourned at 9:00 pm.

Respectfully Submitted,


Dan Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
January 11, 201~~5~~⁶

The meeting was called to order at 6:30 pm. Board members present were Herman Kline, Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Debra Christner, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes.

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to approve minutes for November 16, 2015 Board Meeting and the December 8, 2015 Organization Meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED BY Debra Christner to accept the November and December 2015 Cash Flow Reports
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins presented the End Of Month report for December 2015. system usage was 6 million gallons which is 20% higher than the previous December. Hawkins speculated that there is a leak that has not been discovered.

Construction and Maintenance:

Parkwood service line rebuilt: Dan Hawkins reported that a new main pipeline was installed under Surface Creek Road to the Parkwood pressure regulator vault. Eric Fritchman accomplished the work without cutting Surface Creek road. The existing steel pipe was first split in half by a cutting head built by Fritchman, then pulled out from under the road and a new PVC pipe pulled into place. The operation finished after dark, but was quite successful.

Snow Removal: There is currently three feet of snow at the treatment plant, and the space on the access road is very narrow between snowbanks. It may be necessary to hire a snow blower to gain some more road width.

Encampment on Cactus Park Road: A discussion was held concerning property that recently sold along Cedar Mesa Road west of the intersection of Cactus Park Road in the Dry Creek area. At present, there are numerous tents, tepees, and a camp trailer parked there. A water tap exists for the property, but has not been installed. Dan Hawkins said that there may be more than one family occupying the land, and that we will need to make sure the owner knows that the tap is only good for one residence.

Cedaredge Lawsuit:

The Judge assigned to the case has ordered parties to complete mediation by March 31, 2016. It was suggested that all Board Members should attend if possible. Jerry Figueroa asked the Board what their most desired outcome would be. All answered that they prefer to end the co-ownership with Cedaredge and to obtain a cash buyout of the Association's interest.

Deb Christner said she has participated in mediation, and said that it typically will be scheduled near the deadline set by the judge. She said it is important to go into mediation with a firm idea of what the Association's bottom-line settlement would be. She said that long drawn-out mediation will be expensive because the mediator will charge by the hour at about the same rate as an attorney, and we should try to settle as quickly as possible.

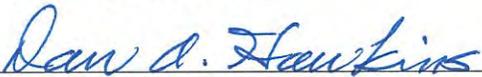
It was pointed out that the Association attorney will also attend the mediation to assist and advise.

Bonuses:

Jerry Figueroa said he had suggested to the Manager that year-end bonuses should be awarded to the employees. There were no objections expressed by the Board.

Meeting adjourned at 7:45 pm.

Respectfully Submitted,



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 21, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Deborah Christner, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

Deborah Christner corrected the spelling of her name.

MOVED BY Bryan Klaseen

SECONDED Dennis Grunkemeyer to approve January 11, 2016 Board Meeting Minutes as corrected.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Deborah Christner

SECONDED BY Bryan Klaseen to accept the January and February 2016 Cash Flow Reports

MOTION CARRIED with no opposing votes.

EOM Report:

Helen Hawkins presented a corrected EOM report to replace the version in the members' packet.

Construction and Maintenance:

Pipeline Flushing: Dan Hawkins reported on a number of problems that occurred or were discovered during the spring pipeline flushing process.

- A 4-inch PVC pipeline burst along Tabor Road. The problem was traced to a pressure regulating valve upstream which failed to throttle down when the flush was completed. Five taps along Tabor Road were out of service for two hours.
- A 2-inch flushing valve failed internally and was unable to be closed along Cedar Mesa Road near the west end of the Mesa. This required a section of main line to be shut down while the faulty valve was dug up and replaced. One tap was out of service for one hour.
- A fire hydrant at the end of the Association driveway failed to close after flushing. It has been isolated, and will be repaired as time permits. No outages occurred.

Vehicles -ATV:

Dayton Myers has offered his ATV for sale. The machine is a 2008 Suzuki King Quad. It is 4-wheel drive and has about 700 miles on the odometer. The asking price is \$3,300. Dan Hawkins said the Association could use another ATV, as the Arctic Cat is now hauled back and forth between the shop and treatment plant where needed. Hawkins said the asking price seems appropriate from what he has learned from local dealers and on the Internet. There was a

discussion about buying a snow plow for one of the trucks and/or for the second ATV if it is purchased.

MOVED BY Jerry Figueroa
SECONDED BY Bryan Klaseen to buy the ATV from Dayton Myers for \$3,300.
MOTION CARRIED with no opposing votes.

Tap inquiry for south end of Marshall Subdivision, Redlands:

A request has been made by a Realtor representing property which abuts the south side of the Marshall Subdivision on Redlands Mesa. There is a potential building site at the north end of the property which would still be on Redlands. Dan Hawkins said the subdivision supply pipeline along Alon Road does not run completely to the south subdivision boundary, and would need to be extended to allow a new tap to be placed on the adjoining property.

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to sell a tap for the property adjoining Marshall Subdivision on the south, with any necessary main pipeline construction to be done at the expense of the tap applicant.
MOTION CARRIED with no opposing votes.

Cedaredge Mediation:

Dan Hawkins reported on a meeting he and Jerry Figueroa attended in Grand Junction with attorney Willie DeFord. Part of the reason for the visit was to deliver copies of minutes of all USCDWUA meetings from 1996 to present. This material was demanded by the Town's attorney.

Mediation deadline of March 31 has been extended because the Town is not ready, mainly because they are having the common system professionally appraised, and the results are expected in May. The mediation has been tentatively scheduled for June 9, to take place in the Cedaredge Community Center.

Willie DeFord recommended retired judge Dennis Friedrich as mediator, saying that Friedrich's method is to try to reach settlement, if possible, with a minimum of wasted time, and not try to advise the parties on the merits of their case. Friedrich has agreed to the job, and has sent documents outlining his conditions and a proposed contract, which are included in the Board Members' packets.

Attorney DeFord said he has been told that Ray Hanson will be the negotiator for the Town in mediation. Several Board members recommended that our attorney make sure Mr. Hanson is empowered to bind the Town in any negotiated settlement. It was generally agreed that as many USCDWUA Board members as possible should take part in mediation.

Meeting adjourned at 7:45 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 11, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Deborah Christner, Ellis Fritchman, Herman Kline and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED Deborah Christner to approve May 21, 2016 Board Meeting as presented.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out the purchase of a used Suzuki ATV. He said it was used in March for reading meters and it is a nice machine.

MOVED BY Bryan Klaseen
SECONDED Herman Kline to approve May 2016 Financial Report
MOTION CARRIED with no opposing votes.

EOM Report:

Throughout the winter Dan Hawkins said he and Dayton Myers noticed that excessive water was being used. With the first meter reading, it was discovered that a private line at an unoccupied house had broken, using a half million gallons. The leak has been repaired.

Dayton Meyers Surgery

Dan reported that Dayton underwent shoulder surgery to repair a tendon and rotator cuff. He will be on light duty for around three months. He can do much of the work at the treatment plant but cannot use his right arm for lifting, pushing, etc. Workman's comp has covered the surgery.

There was a discussion of needing another Class A operator. Dan talked about the University of Colorado's offering week long classes in order for people to receive licenses. It was suggested by Gerald Figueroa that Tim Frey be encouraged to upgrade to a C license. Dayton went to a week long Colorado Rural Water convention in Denver which gave him all the training credits he needs for renewal of his licenses.

Construction and Maintenance:

Laboratory pH analyzer treatment plant: New one is needed as the existing instrument has failed. The cost is \$700-800.

In line Chlorine analyzer: The model that has been in use since the plant was new is obsolete, and parts are no longer available. Hawkins suggested that a spare should be on hand in case the old one fails. The estimated cost is \$4,000-\$4500.

MOVED BY Dennis Grunkemeyer

SECONDED Bryan Klaseen to purchase a new Chlorine analyzer
MOTION CARRIED with no opposing votes.

Today Pipe line break – A contractor doing irrigation pipeline on Redlands Mesa cut through a 3” pipeline. There had been no call to Colorado 811 as required by law. Fortunately the contractor had a full stick of the same kind of pipe on hand, so the outage was minimized.

Cedaredge:

Dan Hawkins gave the Board a report of the financial contribution by USCDWUA to the common system. Jenny asked about the percentage of the cost because Dan was the project manager of the project. Hawkins said he remembers creating a report for the Board at the conclusion of the project which takes USCDWUA labor into account. He will look into it.

Hawkins reported that since the Town election, the new mayor is Gene Welch. Ray Hanson is no longer a council member. Dayton Myers was re-elected to the council.

Other:

Pipe is sitting around and need to be protected from weather. We can't get it all in the pipe shed. Dennis and Deborah talked about companies that deal in used tarps that could be used for covering. Also discussed were shipping containers adapted for storage.

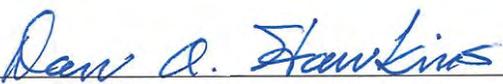
MOVED BY Bryan Klaseen

SECONDED Herman Kline to have Dan research possibilities.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 9, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Deborah Christner, Ellis Fritchman, Herman Kline and Dennis Grunkemeyer. Also present were Scott Morse, Dan Hawkins and Helen Hawkins. Dan introduced Scott Morse, a member residing on Surface Creek Road.

Minutes:

MOVED BY Herman Kline
SECONDED Bryan Klaseen to approve April 11, 2016 Board Meeting as presented.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins explained that the high cost of postage represented an order for two years worth of stamped envelopes from USPS.

Hawkins also noted that an expense item for the treatment plant is for a new Chlorine Analyzer, and should be booked as an asset rather than expense. A corrected report will be presented at the next meeting.

MOVED BY Debbie Christner
SECONDED Lynn Oliver to approve the April 2016 Financial Report
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that water usage has been higher in every month of 2016 compared to 2015. There is probably a main line leak that has not been discovered yet.

Construction and Maintenance:

Leak – 2550 Road: another in a series of leaks between Q-25 Road and Cactus Park Road. Dan Hawkins reported that no progress has been made in obtaining easement from the Bowen family who own the property that is most favorable to route a new pipeline along that road.

Jerry Figueroa suggested looking into condemnation. After further discussion, it was

MOVED BY Bryan Klaseen
SECONDED Dennis Grunkemeyer to pursue eminent domain.
MOTION CARRIED with no opposing votes.

Leaks (2) Milk Creek Line: These leaks occurred at the same time about 100 feet apart not far below the Milk Creek Tank. The line is 6" steel, built in 1958. In many places, it was placed in contact with a rock which eventually penetrated the protective tar coating allowing the pipe to rust. It was agreed that the line is due for replacement.

Pager Issues:

Dan Hawkins said that the pager being used to alert operators of problems at the treatment plant is not working well enough for the job, being too quiet and often not going off at all. He said that we need to come up with a better system. Lynn Oliver suggested that a dedicated cell phone be considered. Dennis Grunkemeyer suggested that the USCDWUA Verizon account be modified to include the personal cell phones of Dayton and Tim, since much of their cell phone traffic concerns their job duties. Hawkins agreed to pursue this idea.

Hotchkiss Fire Department puzzle: Hawkins reported that Doug Fritz, chief of Hotchkiss Fire Department had called stating that the department's carbon monoxide detectors had responded positively to water coming from a tap on Redlands Mesa. Hawkins gave Fritz a list of the different compounds or ions that could be in the water, and asked him to check with the manufacturer of the detectors to see if they could create a false positive. Hawkins said he had attended a seminar the following day, and talked about this situation. Nobody there could offer an explanation other than false positive by the detector.

Cedaredge:

Jerry Figueroa explained the partition lawsuit against the Town to Scott Morris. Before the case goes to court, a mediation session has been ordered by the judge. This is to take place on June 9 at the Cedaredge Community center.

Dan Hawkins gave the Board a summary of capital contributions to the common water system which included Jerry Figueroa's suggestion that labor by USCDWUA employees be accounted for also.

Other:

Dan Hawkins reported that due to his age and new rules, the company may no longer contribute to his health savings account (HSA) which is a part of the Association's group health insurance with Rocky Mountain Health Plans. Hawkins asked if the amount previously contributed to the HSA could instead be put into his IRA. This would show up on the books as a reduction in health insurance costs, and a corresponding increase in payroll, with no net change in expenses.

MOVED BY Bryan Klaseen

SECONDED BY Lynn Oliver to transfer the HSA payments to Hawkins' IRA account.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:30 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 13, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Deborah Christner, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Dennis Grunkemeyer to approve minutes of the May 9, 2016 Board Meeting as mailed to the Board before the meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins reported that the April cash flow was amended to show the chlorine analyzer purchased for the treatment plant was an asset instead of an expense. The May cash flow report had a date error on page 2; the ending balance should have been labeled May 31, 2016 instead of April 30, 2016.

MOVED BY Bryan Klaseen
SECONDED Debbie Christner to approve corrected April 2016 financial report and the May 2016 financial report as corrected.
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that a possible reason for the high usage was a serious leak that has been running for some time (see details below).

Construction and Maintenance:

Leak – 2550 Road: Another rust hole in the steel line running under pavement on 2550 Road.

Second Leak: In a branch line serving an unoccupied tap. The location is on the north side of Cedar Mesa Road about ¼ mile east of 2600 Road. Although there is a meter installed, the property is vacant and access is through locked gate. The meter is not normally checked during meter reading. A glued PVC cap blew off the end of a 1-½ inch pipe allowing the full capacity of the pipe to escape.

Pager:

Dan Hawkins reported that the emergency pager has been replaced by a dedicated cell phone, as suggested by the Board at the May meeting. At the same time, all our operators' cell phones were covered under a new Verizon contract.

Easement for 2550 Road pipeline replacement:

Dan Hawkins presented a letter to be sent to the family of Bernadine Bowen, requesting an easement across Bowen property on the east side of 2550 Road and Lone Pine Ditch.

The Board approved the letter, and expressed the feeling that if a satisfactory agreement cannot be reached, then condemnation should be explored.

Cedaredge:

Jerry Figueroa reported that a tentative agreement was reached with Cedaredge at the mediation session on June 9. Basic points are:

- The Town pays USCDWUA \$175,000 for its interest in the common system.
- Payment options are cash by the end of 2016, or a time payment of \$1,000 per month for 175 months.
- If time payment option is chosen, USCDWUA will take title to Cedaredge Treatment Plant #1 (the "North Plant") and will retain ownership until the end of payout. Cedaredge may use the plant on what is considered a lease-purchase.
- USCDWUA may no longer use the diversion vault to control the fill level of the Milk Creek Tank, but will have to build a new vault to house the control.

There are some issues that still need to be resolved:

- A survey will be needed to define USCDWUA's ownership of the north plant. How is that cost to be covered?
- Under the lease-purchase, who will pay for plant upgrades and maintenance?
- Should interest be considered in the lease-purchase payments?
- Can there still be an emergency interconnection with Cedaredge?

It will not be known whether the full Town Board accepts the agreement until their regular meeting on July 21.

USCDWUA paid \$870 as its share of the mediation cost.

Budget Progress Report:

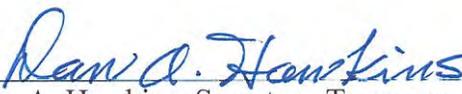
Dan Hawkins presented a half-year report of income/expenses compared to the budgeted amounts. In general the figures are close to what would be expected, around 50%. Exceptions are in operator certification costs, water testing, and treatment plant upgrades, all of which have already exceeded the budget amounts.

Other:

Dennis Grunkemeyer brought up the subject of interconnection with Orchard City, in case the existing connection with Cedaredge can't be maintained. Pros and cons were discussed. Dan Hawkins said there are 2 1/2 to 3 miles of line to build to reach the Orchard City main line.

Meeting adjourned at 8:30 pm.

Respectfully Submitted


Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
August 8, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Herman Kline and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins and Hank Lohmeyer

Hank Lohmeyer was introduced as a reporter for the Delta County Independent newspaper. He said he wanted to discuss the ongoing legal dispute between USCDWUA and the Town of Cedaredge. Bryan Klaseen said he felt that the reporting in the newspaper has mostly represented the Cedaredge position, and he wanted to have the public made aware that there were two sides to the issue. Several board members offered comments to Mr. Lohmeyer, giving a brief history of the agreement between the entities and the disputes that arose before and after the 2004 arbitration. Hank asked if we were pleased with the outcome of recent mediation. Dennis Grunkemeyer said the mediated settlement is not ideal, but we want to settle this and be separated from Cedaredge. Mr. Lohmeyer said he would try to make a balanced report in any future articles he writes on the subject.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to approve June 13, 2016 Board Meeting as presented.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Dennis Grunkemeyer

SECONDED Lynn Oliver to approve the June and July Cash Flow Reports.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan pointed out that the usages for June and July were the highest recorded since the treatment plant was put in operation.

Apple Valley Subdivision:

Edward and Dorothy Pew are requesting a tap for one lot in Apple Valley Subdivision proposed for the southeast corner of 2375 Rd. and T50 Rd. The Board reviewed a map showing Lot 2 as the lot that needs a tap. Lot 1 has a house with an existing well. Dan Hawkins described the location of the lot and the location of the pipeline. There was a discussion as to whether or not the installation fee should be required at the time of the sale.

Pro: When a vacant lot is sold the seller and realtors don't often disclose the fact that the installation fee has not been paid. The buyer is often dismayed that they have to come up with the fee.

Con: The cost of the installation for the company increases over the years, making the fee originally paid inadequate. However, the owner of the tap has paid monthly for water not received, which can be seen as offsetting the increased cost of installation.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan to approve the sale of the tap providing the developer provides water and pays for the installation fee at the time of tap purchase. Approval is good for six months or at final acceptance of the subdivision by Delta County.

MOTION CARRIED with no opposing votes.

Construction and Maintenance:

Line abandonment in Cactus Park Draw

Dan Hawkins reported on the discontinued use of a 2½" galvanized pipe off the east end of Cedar Mesa which was installed in 1960, and originally was the sole supply for Redlands Mesa. The normal flow of water is toward Redlands from Cedar Mesa. The line crosses a swampy stream, and leaks have occurred at the edge of the swamp. Hawkins said the line is now cut on the east side of the swamp and capped with a flushing valve. Flow direction is reversed, and taps on the line now being served from Redlands Mesa. The section crossing the swamp is shut off and no longer used.

Leak north of T-50 Road 4" steel

A leak was caused by a rock which was laying on the pipe, puncturing the protective tar coating. Dan Hawkins said it is on the property where some years ago a previous owner drove a fence post into this same pipe, then moved 20 feet away and drove a fence post into the Cedaredge line which runs parallel.

Main line under house on Ute Trail Road

At 24413 Ute Trail Road, it was discovered that the 4" main water line runs under a part of the house. This was discovered while attempting to move the water meter to a location more convenient for meter reading, from the original location in a fenced yard with a history of vicious dogs.

The property is in foreclosure and presently unoccupied. Realtor Rebecca Neal is representing the property, and has been made aware of the problem. Dan Hawkins said the line should be rerouted. Construction of about 300 feet will cost about \$800.00 for pipe and \$2,750.00 for labor. Fred Houghton has agreed to do the work; he is already on site as he was hired to help with the meter move. The job can begin as soon as we get pipe.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to reroute the pipeline.

MOTION CARRIED with no opposing votes.

2550 Road – new line easement – no response

Dan Hawkins said there has been no response to the letter sent to the Bowen family requesting a pipeline easement along 2550 Road. The Board suggest that we have our lawyer send and registered letter. If there is no response we can begin condemnation action.

Kissner pipeline easement – taps promised?

Judi Schmaltz (Bill Kissner's daughter) has inquired about wording on a pipeline easement granted by Anna Kissner (Bill Kissner's mother) in 1971. The property is located beyond the north end of what is now 2550 Road. The easement promised that water taps would be available for the property at a cost not to exceed \$1,000. The property was transferred to Bill Kissner, who is now deceased. A 4" pipeline was built in the easement in 1972.

Dan Hawkins said our records show that three deferred taps were granted to Bill Kissner in 1977, at a cost of \$1,000 each. Deferred taps meant that no stock certificates were issued on the taps, and that no monthly charges were made for a certain period of time. In 1979, stock certificates were issued on the deferred taps, when taps were selling for \$2,500.

In 2009, the Board agreed that Bill Kissner could use these taps on a subdivision called Big Buck Minor located at Ute Trail Road and Highway 65. The subdivision was approved by Delta County assigning these taps to the three lots in the subdivision.

It was agreed that Dan Hawkins should advise Judi Schmaltz that the easement obligation had been satisfied.

Cedaredge:

There was discussion about problems with the "lease to buy" option as opposed to the up-front buyout. It was generally agreed that if this is the direction the Town goes, there are several points to be addressed in the lease agreement, such as maintenance/capital improvement responsibilities, liability in case of malfunction, cost of survey and other transfer paperwork.

Dan Hawkins said that attorney Willie DeFord is waiting to hear some feedback from us. Hawkins agreed to draft a letter for Board review before submitting it to the attorney.

Meeting adjourned at 9:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
September 12, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Debbie Christner, Herman Kline, Ellis Fritchman and Dennis Grunkemeyer. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to approve Aug 8, 2016 Board Meeting as presented.
MOTION CARRIED with no opposing votes

Financial Report:

MOVED BY Dennis Grunkemeyer
SECONDED Lynn Oliver to approve the September Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

The reported system usage for August was 12.06 million gallons, which was one million gallons less than August of 2015. Dan Hawkins pointed out that one new tap was sold. He presented the Board with a chart showing the progress of tap sales throughout the history of the Association.

Construction and Maintenance:

Leak, Surface Creek Road

A rust pinhole developed in a 2" galvanized pipe under pavement. The water spread out and surfaced on one lane of the road for a distance of about 100 feet. It was necessary to hire Dave Smith of American Leak Detection to pinpoint the leak.

New automatic flush valve Rimrock Road

An automatic flushing valve located along the grade between Dry Creek and Redlands Mesa had frozen, causing a deformation and failure. A new vault and a rebuilt valve were installed, and the flush is now operational.

Air powered valve actuators, treatment plant

Some leaky air-powered valve actuators were replaced with spares. Several of these actuators have developed leaks due to age.

Cedaredge:

Dan Hawkins reported that Judge Steven Schultz, who is assigned to the potential partition trial, has ordered the Town and USCDWUA to submit a status report by September 16. There has been no response from the attorneys so far. It is presumed that

the report will state that the parties have agreed in principal to a settlement, and are working on a detailed agreement. Hawkins said that from second-hand information he has heard, the Town plans to borrow money in order to make the cash payment of \$175 thousand in Decmber. There was some discussion of whether this windfall income would cause a problem for the Association's tax-exempt status under IRS rule 501(C). Hawkins was advised to consult our accountant.

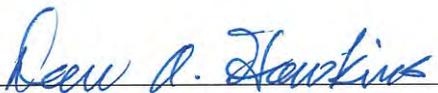
The Board was presented with a report of expenses from 2013 to date for the effort to separate from the Town:

Legal fees.....	33,038
Engineering studies.....	6,446
Appraisal.....	5,279
Total.....	44,763

Gerald Figueroa said he favors a feasibility study for the construction of wells to provide emergency water to the system in case of failure of our main supply from Surface Creek.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
October 10, 2016

The meeting was called to order at 7:30 pm. Board members present were Jerry Figueroa, Lynn Oliver, Bryan Klaseen, Debbie Christner, Herman Kline and Ellis Fritchman. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Lynn Oliver
SECONDED BY Debbie Christner to approve September 8, 2016 Board Meeting as presented.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Jerry Figueroa
SECONDED Debbie Christner to approve the September Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins pointed a new tap sale this month, to Thomas Canning. His name was inadvertently omitted from the End of Month Report.

Difficulty filtering water:

Hawkins reported difficulty with rapidly plugging filters because of organic material in the water. There has been no bad taste or odor, and the water appears clear, but something is causing a lot of extra time to be spent at the treatment plant.

Construction and Maintenance:

Two Leaks, Cedar Mesa Road

Two 20-foot sections of 4" PVC pipe failed explosively along Cedar Mesa Road near the west end of Cedar Mesa. One occurred on a Sunday, and the next one on Tuesday of the following week. Both incidents caused one tap to be out of water.

Hawkins said the cause is suspected to be that the pipe was installed incorrectly. It used to be the custom to push the spigot end of the pipe into the bell until it could not be pushed any further. It has since been learned that this creates a rigid joint that will not permit pipe expansion, contraction, or lateral movement. There is an assembly line marked on the pipe, and the pipe must not be pushed any deeper into the bell.

Two Copper Tube Failures

Hawkins said the metallurgy of copper tube manufactured in the last 10-15 years makes a successful flare joint nearly impossible, and many such joints have developed leaks. Flare joints are no longer used, and have been superseded by compression fittings.

DMEA power pole repairs – 30 or 40 locate requests this month for pole inspection/replacement. The concern is that many of them may not be completed and the locates may have to be repeated in the future.

Upcoming need for spare chlorination equipment:

Hawkins said that repair parts for the treatment plant chlorination system are needed. Also, a whole spare chlorinator should be budgeted for next year.

Cedaredge:

Judge Schultz ordered the parties to the partition lawsuit to submit a status report of settlement. The report was handled by Willie DeFord, the Association attorney.

Other:

Jerry Figueroa said that it is not certain at this point that the emergency interconnect with the Town of Cedaredge system will be retained after separation. But even if it is, the Association needs to be investigating alternative sources of water in case of any failure of our main source. An earlier proposal this year by Wright Water Engineers listed water wells as a recommended area of study. Several other options were also listed in the Engineering proposal, increasing the quoted price considerably. Jerry proposed that Wright Water be instructed to modify the proposal to exclude all but water wells, and to plan on starting as soon as possible.

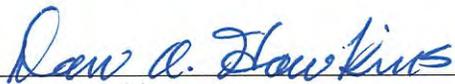
MOVED BY Bryan Klaseen.

SECOND BY Herman Kline to instruct Wright Water Engineers to modify the proposal and plan to study water wells as an alternate source of raw water.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
November 14, 2016

The meeting was called to order at 6:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to approve the minutes of the October Board Meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins explained an income entry for ATV rent, which was from Leon Lake Company for several trips using the USCDWUA 4-wheeler. Also explained was an expense for a concrete saw purchased from Tom Cooper.

MOVED BY Dennis Grunkemeyer

SECONDED Debbie Christner to accept the October Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins pointed out an entry for a tap that was sold in September but did not appear on that month's EOM report. The tap was purchased by Tom Canning and is located about ¼ mile north of Hanson Road, west of Coyote Run. Hawkins also commented that the report shows that longtime member Dayton Myers Sr. has sold his home and moved out of our service area.

There was a discussion about some construction activity along the south side of Cedar Mesa Road between Peach Road and 2600 Road. Hawkins said there is no water tap on record for that property, and that the Association has not been contacted yet.

Hawkins reported that system water use was two million gallons lower than the same month in 2015.

Budget Preview:

Board members reviewed the preliminary budget proposal prepared by Dan Hawkins. Some points discussed were:

- The anticipated buyout from the Town of Cedaredge should not be made part of the budget because the outcome is still too uncertain.
- A new/used vehicle should be anticipated because the Chevy Colorado has accumulated high mileage and is sometimes failing to start – the cause has not been determined after several attempts by Spot Automotive to diagnose the problem.
- Jerry Figueroa suggested that it might be time to consider increasing the monthly minimum base rate.

- If the lawsuit against the Town is resolved, legal expense should not be a major item, but it would probably pay to budget as if the case will go to trial.
- Potentially there are two new tap sales pending for the coming year. Probably best to budget for one, at least.
- Health insurance will only show a small increase in cost next year. We are able to retain our current policy, which is non-ACA compliant but is grandfathered.
- Property and liability insurance will not increase a great deal, and will be lower than in past years since we changed insurers.
- A large increase in revenue may cause an issue with our tax-exempt status. Blair and Associates, CPA should be consulted

Construction and Maintenance:

Hawkins reported that a brass fitting failed in a pressure regulator vault on Tabor Road, causing the regulator to malfunction and the vault to fill with water. This is one of many such failures in recent years that are probably due to poor quality fittings and the mandated change in brass alloy to eliminate lead. As they fail these fittings are being replaced with stainless steel.

Hawkins said that the quality of raw water has improved since the irrigation season ended, reducing the need for membrane cleaning. He said that most of the membrane filter modules have been in service for 11 years, which is beyond the guaranteed lifespan. He said that Pall Corporation told him that only one filter plant in the US has been in service longer, at 14 years. Due to an upgrade, the treatment plant has 16 modules out of 48 that are about half the life of the original set of 32. There was discussion of the need to replace modules at some future time.

Cedaredge:

Dan Hawkins reported that he met with Town Administrator Katie Sickles to discuss the future of the diversion vault. The Town offers to allow USCDWUA to continue using the vault for its control of flow and level at the Milk Creek tank. This arrangement would require a lease agreement with the Town, a payment of some rent, possibly \$500/year, and require USCDWUA to notify the Town of its need to enter the vault. If USCDWUA elects to remove its tank control equipment from the vault, but maintain an emergency interconnect, the rental agreement would still be in place.

After discussion, the Board decided to relocate the tank control equipment to a new vault, and to negotiate with the Town concerning an emergency interconnect after the partition is completed.

Preparation of Annual Meeting:

Board member terms expire for Debbie Christner, Gerald Figueroa and Herman Kline.

Meeting adjourned at 8:30 pm.

Respectfully Submitted: *Dan A. Hawkins*
 Dan Hawkins, Sec-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 5, 2016

The meeting was called to order at 6:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Andy Mueller (lawyer), Devin Bradford (friend of Ian Morehouse) Dan Hawkins and Helen Hawkins.

Well permit request:

A discussion was held with Andy Mueller and Devin Bradford before the other agenda items so they could leave if they wished. Andy Mueller is from a Glenwood Springs Law firm that is representing Ian Morehouse.

Morehouse purchased a lot on Ute Trail Road. It has an existing well which was permitted for testing only, but has been in domestic use by the previous owner. In order for Morehouse to legally use the well, they would need a statement of no objection from USCDWUA, allowing the State to issue a permit.

Jerry Figueroa explained that the policy of USCDWUA is neither to permit nor deny a well. The company will only state whether we can or cannot provide water. The property lies within our service territory and there is adequate flow and pressure.

Bryan talked about the problem of cross-connection between a well and the company lines. In the future a new buyer might want to connect with USCDWUA. This places a burden on the company to enforce cross-connection rules.

After the discussion, Mr. Mueller and Mr. Bradford left the meeting, and it was

MOVED BY Dennis Grunkemeyer,

SECONDED BY Debbie Christner to send a letter to Mr. Mueller that we could serve the property and that we would object to the well. A copy of the letter should be sent to the Montrose office of Division of Water Resources as well.

MOTION CARRIED with no opposing votes.

Minutes:

MOVED BY Debbie Christner

SECONDED BY Dennis Grunkemeyer to accept the minutes of the November Board Meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen

SECONDED Debbie Christner to approve the November 2016 Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that 400,000 gallons more was used this November than last year, probably due to two leaks, one of which was on a private line.

Construction and Maintenance:

Hawkins reported another brass fitting failure in a regulator vault. He said brass fittings are becoming more unreliable, and that stainless steel fittings are now standard in these valve vaults.

Hawkins said raw water quality has improved since reservoir water was shut off.

Cedaredge:

Jerry Figueroa reported that a settlement agreement has been signed. We will know by the 27th of February if Cedaredge will make a one time payment or opt for the installment plan.

Preparation of Annual Meeting:

The board accepted the agenda and the 2017 Budget. Outgoing Board Members agreed to serve another term if nominated.

Dinner for staff:

Jerry suggested that the credentials committee members should be invited to the staff dinner. The board agreed with the idea. The preference is to use Daveto's restaurant and shoot for the 8th or 9th of January. Dan Hawkins is to coordinate with the restaurant.

Meeting adjourned at 8:45 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
December 5, 2016

The meeting was called to order at 6:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Andy Mueller (lawyer), Devin Bradford (friend of Ian Morehouse) Dan Hawkins and Helen Hawkins.

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SECONDED BY Debbie Christner to send a letter to Mr. Mueller that we could serve the property and that we would object to the well. A copy of the letter should be sent to the Montrose office of Division of Water Resources as well.

MOTION CARRIED with no opposing votes.

Minutes:

MOVED BY Debbie Christner

SECONDED BY Dennis Grunkemeyer to accept the minutes of the November Board Meeting.

MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen

SECONDED Debbie Christner to approve the November 2016 Cash Flow Report

MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that 400,000 gallons more was used this November than last year, probably due to two leaks, one of which was on a private line

Construction and Maintenance:

Hawkins reported another brass fitting failure in a regulator vault. He said brass fittings are becoming more unreliable, and that stainless steel fittings are now standard in these valve vaults.

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The board accepted the agenda and the 2017 Budget. Outgoing Board Members agreed to serve another term if nominated.

Dinner for staff:

Jerry suggested that the credentials committee members should be invited to the staff dinner. The board agreed with the idea. The preference is to use Daveto's restaurant and shoot for the 8th or 9th of January. Dan Hawkins is to coordinate with the restaurant.

Meeting adjourned at 8:45 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary - Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
March 13, 2017

The meeting was called to order at 7:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to accept the minutes of the December 5, 2016 Board Meeting as distributed before the meeting.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Bryan Klaseen
SECONDED Debbie Christner to approve the Dec 2016, January 2017 and February 2017 Cash Flow Reports.
MOTION CARRIED with no opposing votes.

EOM Report:

The board reviewed the End Of Month reports from December, January and February. There were an unusual number of transfers in January.

Construction and Maintenance:

2550 Road leaks: Two rust pinholes occurred in the steel line, within a few feet of each other.

Spring flushing: Spring flushing was accomplished in the first ten days of March. It is completed.

Cedar Mesa County Road project:

Dan Hawkins presented a map of the reconstruction of Cedar Mesa Road. There are several locations where the existing 2-½ inch galvanized main line will be cut or deeply buried by the road realignment. It is proposed to replace all the the existing line to the east edge of Cedar Mesa with 6- inch PVC, and reroute it as necessary to keep it safe from road work. This requires about a mile of new pipeline, and a new pressure regulating station. Eric Fritchman has looked at the project and will submit a quote.

MOVED BY Dennis Grunkemeyer
SECONDED Debbie Christner to go ahead with the pipeline project as described.
MOTION CARRIED with no opposing votes.

Treatment plant modifications: Dan Hawkins presented a photograph of some filter modules at the plant showing tubes that operate during the process of cleaning the modules. The factory tubes are being replaced with re-designed ones fabricated in-house by Dayton Myers which

include valves so that a portion of the modules may be blocked from flow during cleaning. This forces more water through the modules that are left open. The purpose is to clear accumulated mud that is believed to be clogging the lower end of some modules, decreasing their filtration capacity.

Chevy Silverado Damage:

Dan Hawkins reported that he damaged the front bumper of the Chevy Silverado while in Denver attending an educational conference. He drove too far forward in a parking space, striking a large rock in the parking median. An estimate of \$1,400 has been made by a local shop to make repairs. The company's auto insurance has a \$500 deductible. An insurance check for \$900 has already been received, and repairs will be made when parts are obtained.

Cedaredge:

The Town of Cedaredge has settled the court case with a cash payment of \$175,000. The case has been dismissed by the Judge. USCDWUA has 180 days to construct a new control vault for the Milk Creek Tank and cease using the diversion vault for that purpose.

Projects to be considered this year:

Cedar Mesa Road: As described above, one mile of 6-inch PVC pipe and one regulator vault. Estimated cost is \$100,000.

Alternative water source – Wright Water Engineering Study: To focus on the feasibility of using ground water (wells or infiltration galleries) to use in case of loss or contamination of Surface Creek. Estimated cost is \$12,000 for engineering, plus the probable need for test wells at unknown cost.

Installation of 12" pipe: Two best locations are starting at the Milk Creek Tank to replace existing 6" steel, and starting at the high point of Cedar Mesa on the BLM replacing 4" PVC.

There was discussion of seeking grants and/or low interest loans to help with these projects.

Other:

A new company truck was discussed as the Chevy Colorado has 220,000 miles and needs new tires. It was agreed that Dan and Jerry will research and report back to the board.

Lynn Oliver suggested vertically opening gates be installed on existing steel posts along the treatment plant driveway. They would be electrically operated and require a code for entry.

Meeting adjourned at 9:30 pm.

Respectfully Submitted,



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
April 10, 2017

The meeting was called to order at 7:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Herman Kline
SECONDED BY Lynn Oliver to accept the March 13, 2017 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

MOVED BY Debbie Christner
SECONDED Ellis Fritchman to approve the March 2017 Cash Flow Reports.
MOTION CARRIED with no opposing votes.

EOM Report:

There were 29 leaks discovered to have occurred in customer lines over the winter. A vacant lot with a water tap was sold on Redlands Mesa by Steven Harper. The monthly bills have never been paid on that tap, and the past due amount is approximately \$3,600.

Construction and Maintenance:

Indian Camp Avenue leak

On property owned by Dave Stites, a 1½ inch PVC pipe sprang a leak in a pasture. Dan Hawkins said the fault was with the weak type of coupling furnished with the pipe, which has caused trouble on similar lines for years.

P-25 Road Redlands Mesa leak

A 4" PVC pipe developed a hole on the bottom where it had been laid over a large rock.

Cedar Mesa County Road project:

Dan Hawkins reported that Eric Fritchman was given the job to replace the 2½ inch galvanized pipeline for about one mile along Cedar Mesa Road. Hawkins estimated the cost of the project a \$60 to \$70 thousand. An unexpected requirement was to lower a 2" PVC pipe serving Heaven's View Road, because of a cut for the new road. It was necessary to place the line eight feet below ground to avoid the future cut. A new line was placed inside a conduit under the new roadway.

Darryl Locke and Chuck Kimball:

Dan Hawkins explained that these two members are neighbors on the southwest side of the intersection of Cactus Park and 2550 Roads. They have shared a single driveway for years, but the driveway lays on Kimball's lot, instead of straddling the lot line as intended. They decided to construct a second driveway on Locke's side to forestall problems if property is sold.

The new driveway entrance is over a road crossing conduit installed some years ago to allowed their taps to be fed from a newer PVC main line on the east side of 2550 Road, but has never been utilized. Presently, the taps are fed from an old steel line on the west side of 2550

Hawkins said it was decided to use the road crossing and connect the taps to the newer line before driveway construction. The taps have been disconnected from the steel line.

Chevy Silverado Repair:

Hawkins reported that Dave Fender had repaired the damaged bumper on the 2014 Silverado. He wanted to buy the company's unused 1985 Chevy truck, so most of the repair cost was traded out. Insurance had already paid a major part of the repair, so the company gained a small amount of cash on the deal.

Other:

There was discussion of purchasing a replacement truck for the 2008 Chevy Colorado, which has 220,000 miles on it, and is due for new tires. Dan Hawkins and Jerry Figueroa have been looking into new truck prices. It appears that a new Chevy Colorado may be purchased for about \$30,000. Price will vary depending on the month of purchase, because dealer rebates change every month. It was decided not to be in a hurry, and keep track of prices.

There was discussion of the impending withdrawal of USCDWUA participation in the Diversion Vault. The Board feels it is important to maintain an emergency cross connection between USCDWUA and the Town of Cedaredge, however there is no desire to pay rent to the Town for the privilege of having the interconnection in the vault. It was mentioned that Orchard city is still a possible emergency source of water, but a long pipeline would need to be built.

Jerry Figueroa expressed the importance of studying water wells or other emergency water source in case agreement cannot be reached with Cedaredge.

Meeting adjourned at 8:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
May 8, 2017

The meeting was called to order at 7:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present - Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Debbie Christner to accept the Apr 11, 2017 Minutes.
MOTION CARRIED with no opposing votes.

Financial Report:

There was a discussion about the estimated cost of the Cedar Mesa Road Project. Pipe has been purchased for the project, which is about a mile in length. Installation cost is expected to be \$7.50 per foot per a bid from Fritchman Excavating. However, extreme rocky conditions will increase that price.

MOVED BY Debbie Christner
SECONDED Dennis Grunkemeyer to approve the April 2017 Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Dan Hawkins reported that 29 instances of leaks in customer lines were discovered in the April meter readings. System demand in April was 7.4 million gallons, compared to 8.6 million for 2016.

Helen Hawkins reported that a tap belonging to Steven Harper on Redlands Mesa has sold. Mr. Harper never paid any monthly charges, so the past due to be collected is about \$3,600.

Construction and Maintenance:

Redlands Mesa Road leak: Dan Hawkins reported on a messy leak on his property on Redlands Mesa Road. Water from the leak came to the surface 12 feet from where the leak actually was. A fence had to be taken down, and there was a TDS fiber optic cable in the way. Irrigation runoff and ground water made the repair complicated.

Cedar Mesa County Road project: Hawkins said progress is slow going through the first draw, which is very rocky. In some places the pipe will have to be buried eight to ten feet deep to avoid cuts that are planned for the new road.

The line going off the east end of Cedar Mesa is currently routed straight down the hillside. It is expected that that route is going to be dangerously steep because of the cut that is planned for the road. Hawkins is exploring possible alternate routes that would be safer. It was suggested that an engineer might be needed if the line must go down the hill straight, using the same route as the old line.

Computer upgrade for treatment plant: Some problems have arisen with the treatment plant computer. The plant operating software needs to be upgraded, but the computer is running Microsoft XP, which is no longer supported. An estimate was made by Brian Mitchem of Mountain Peak Controls for upgrading the hardware and software for \$11,000.

Steven Harper property, Redlands Mesa:

Steven Harper subdivided property on North Road on Redlands around 10 years ago. Lots 1 and 2 are connected to a 1-inch line which branches off of North Road. Lot 3 is bordered by Rimrock Road, where there is no main water line. No tap exists for that lot. Mr. Harper has asked if a tap can be purchased and a main line can be constructed across Lot 2 to reach Lot 3.

MOVED BY Dennis Grunkemeyer

SECONDED Bryan Klaseen to agree to sell a tap for lot 3, and that the tap is purchased before any new line is constructed. USCDWUA will pay for upgrade to 4-inch pipe, and Harper is to pay for construction. An easement must be provided to USCDWUA across Lot 3 to Rimrock Road.

MOTION CARRIED with no opposing votes.

Bonita Leyba property, Cedar Mesa:

Anita Chavez called to report that she purchased the Bonita Leyba property on Cedar Mesa Road over a year ago, and asked that the water be turned on. No paperwork has been furnished verifying the purchase. A past due bill must be paid before water can be turned on. There is over \$3,000 due. Hawkins said he is awaiting more information.

Other:

Jerry Figueroa suggested that the Board consider removing the requirement to furnish water for new taps, possibly increasing the tap price to compensate. There was discussion, but no agreement was reached.

Meeting adjourned at 9:30 pm.

Respectfully Submitted



Dan A. Hawkins

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
June 12, 2017

The meeting was called to order at 7:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Debbie Christner

SECONDED BY Bryan Klaseen to accept the May 8, 2017 Minutes.

MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins explained two large expenses for the month – property and liability insurance premium was paid in one lump sum, and a two year supply of envelopes was purchased.

MOVED BY Dennis Grunkemeyer

SECONDED Debbie Christner to approve the May 2017 Cash Flow Report.

MOTION CARRIED with no opposing votes.

EOM Report:

It was noted that property transfers are increasing. An overuse report was not presented. Hawkins explained that due to weather and the time demands of the Cedar Mesa Road pipeline project, meters were not read in the month of May.

Construction and Maintenance:

Cedar Mesa County Road project: Dan Hawkins presented a map showing the progress to date, and the amount remaining. Rather than dig straight down the east hillside of Cedar Mesa, an alternate route was chosen following the new County Road.

The tap reconnects have not been completed yet. A bacterial test shows that the water in the first segment of the new pipeline is safe, but it still tastes soapy due to the lubricant used at the pipe joints. It will continue to be flushed periodically.

The contractor Eric Fritchman has not yet submitted a bill for any of the project. He has furnished Hawkins with an estimate of \$52,600, computed by 2,680 feet for \$7.50 per foot, and 3,000 feet at \$9.50 per foot due to adverse conditions. Some of the pipe has been buried more than ten feet deep due to planned cuts for the new road alignment.

Hawkins said Delta County has helped by installing some conduits for road crossings, and has supplied bedding material where needed.

Budget Review:

The Board reviewed the budget progress over the first six months of the fiscal year. Operating income was at 46% of the budget forecast, and operating expense was at 50%. Total income was inflated due to the settlement with Cedaredge, but total expenditures were at 46%.

Jerry Figueroa suggested that the company hire another person to help with manual labor.

MOVED BY Jerry Figueroa

SECONDED Dennis Grunkemeyer that the Manager is authorized to hire a person as needed.

MOTION CARRIED with no opposing votes.

Town of Cedaredge / alternate water source

The board reviewed a letter from the Mayor of Cedaredge, which was received in response to a letter from Jerry Figueroa asking for discussion of an emergency interconnect via the diversion vault. The Mayor's letter demands a list of details about how USCDWUA proposed to handle the interconnect, and mentions lawyer involvement. The consensus of the Board was that Cedaredge is complicating the issue, and the Town evidently does not accept that the interconnection will be mutually beneficial. The approach seems to be the USCDWUA is the sole beneficiary, and that the Town should be compensated for hosting the interconnect.

Jerry Figueroa reported that Carl Kingery and/or another engineer from Wright Water Engineering will be here on Thursday to investigate the possibility of creek-side wells or infiltration galleries. Jerry said he believes deep wells are going to be the answer, but that we should allow the engineers to at least check the creek-side possibilities.

It was decided to delay any answer to the Mayor's letter until next month after Wright Engineering has reported back about the possibilities of an alternative water supply.

Herman Kline asked if we will need to raise water rates. An increase of \$3 - \$5 per month was discussed. It was decided to wait until the annual meeting when more information will be available.

Other:

Dan Hawkins told the board that Lyn Puls will be leaving USCDWUA on June 30. There was a discussion about hiring someone full time to replace her. Helen Hawkins agreed to train a new employee and will then phase out of the company.

Lynn Oliver brought up the continuing problem with Haloacetic Acids and suggested that Wright Water engineers be made aware of it. There was a discussion about the cause and the regulations involved. Dan Hawkins said that well water blended with the surface water would help to avoid future violations as well as taste and odor complaints.

Meeting adjourned at 9:30 pm.

Respectfully Submitted



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting
July 10, 2017

The meeting was called to order at 7:30 pm. Board members present were Dennis Grunkemeyer, Debbie Christner, Lynn Oliver, Herman Kline, Ellis Fritchman, Jerry Figueroa and Bryan Klaseen. Also present were Dan Hawkins and Helen Hawkins.

Minutes:

MOVED BY Bryan Klaseen
SECONDED BY Herman Kline to accept the June 12, 2017 Board Meeting Minutes as written and distributed to the Board Members.
MOTION CARRIED with no opposing votes.

Financial Report:

Dan Hawkins pointed out payments on the Cedar Mesa Project. The contractor Eric Fritchman has billed for about two-thirds of the total project. Hawkins also discussed repairs on the Chevy Colorado for a failed air conditioner and wheel speed sensor.

MOVED BY Bryan Klaseen
SECONDED Dennis Grunkemeyer to accept the July 2017 Cash Flow Report.
MOTION CARRIED with no opposing votes.

EOM Report:

Hawkins reported that total system usage of 15,187,550 gallons was nearly identical to June of 2016. Hawkins reported that a problem in billing calculations because of the two-month period between meter readings resulted in some customer bills being higher than they should have been. Adjustments were applied to all of the incorrect bills.

Dennis Grunkemeyer said that Bruce Pendleton has complained about high water bills. Dan Hawkins said the bills there have been historically very high due to heavy yard watering.

Construction and Maintenance:

Dan Hawkins reported on the following construction projects:
Cedar Mesa Road – All pipeline has been built that is necessary to accommodate the County road construction. About 650 feet of 6" line is required to cross the swamp in the bottom of Cactus Park Draw. Hawkins recommended that this be done, along with the installation of a fire hydrant at the termination, just before the pipeline crosses the road into the Ward Property. Ward Landscaping has paid for a fire hydrant, on the promise that it would be installed when there is a pipeline there that can support it.

MOVED BY Bryan Klaseen
SECONDED Dennis Grunkemeyer to continue with the pipe line across the bottom of Cactus Park Draw.
MOTION CARRIED with no opposing votes.

Milk Creek Tank Control Vault: – A new control vault is planned to take over the control of Milk Creek Tank as USCDWUA vacates the Cedaredge Vault. The new vault will be placed on the tank site, on USCDWUA property. The underground portion will be a 5-foot diameter round

manhole enclosing a tank level control, flow control, and meter. Above ground will be a hut, approximately ten or twelve feet square placed on a concrete slab poured around the manhole.

Two 4-inch taps will have to be made on an 8-inch pipeline near the base of the Milk Creek Tank. They will be "hot taps," meaning that the pipeline will remain pressurized during the tapping. USCDWUA does not have the equipment for taps that large, and inquiries around the area found that neighboring water companies can't do it either. A company out of Basalt was recommended, and has been engaged to do the tapping.

Hawkins said all materials are expected to be on hand by the end of July.

Southview Lane Pipeline Extension – Approximately 600 feet of two-inch pipeline is planned to extend an existing line running south from Southview Lane. A new home is being constructed, and the homeowner is paying for the line extension. Southview lane goes west from Cedar Mesa Road at a point ¼ mile south of Q-50 Road.

Engineer visit and test hole:

Jerry Figueroa reported on a test hole dug with a backhoe alongside Surface Creek at the USCDWUA creek intake. The project was under the supervision of an engineer from Wright Water Engineering. The purpose was to discover if there is shallow ground water readily available alongside the creek bed. The results were not encouraging, as very little water seeped into the hole, which was around ten feet deep. A perforated standpipe was left in place to monitor and test the water.

Jerry said the consensus opinion seems to be that drilled water wells may be a better prospect for providing an emergency or alternate water source. A great deal of discussion followed, mostly focusing on the costs and benefits of different scenarios, including a possible interconnect with Orchard City Water, which would require construction of about 2½ miles of new pipeline.

MOVED BY Dennis Grunkemeyer

SECONDED Jerry Figueroa to drill a test well near the treatment plant.

MOTION CARRIED with no opposing votes.

Response to Town re: interconnect:

The Board generally expressed disappointment with the Town of Cedaredge response to the question of an emergency interconnect. The consensus was that a letter be written to the Town emphasizing that USCDWUA wants to determine whether the idea of an emergency interconnect is acceptable, not getting into the point by point minutia of any future agreement.

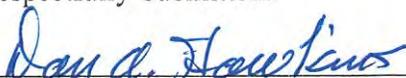
Other:

Amber McPherson has agreed to an hourly wage of \$17.00 per hour for the job of Office Manager. She is able to start work July 20. After a probationary period, she will be considered for a salaried position with benefits.

It was also recommended to hire a laborer at \$10 per hour to help with tap installation and other tasks.

Meeting adjourned at 9:30 pm.

Respectfully Submitted:



Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

August 14, 2017

The meeting was called to order at 7:35 pm. Board members present were Lynn Oliver, Herman Kline, Ellis Fritchman, Dennis Grunkemeyer, Debbie Christner, Jerry Figueroa, and Bryan Klaseen arrived after meeting was called to order. Also present was Dan Hawkins and Amber McPherson. Kevin Fischer was also present.

Minutes:

MOVED BY Herman Kline

SECONDED BY Lynn Oliver to accept the July 10, 2017 Board Meeting Minutes as written and distributed to the Board Member.

MOTION CARRIED with no opposing votes.

Jerry Figueroa recognized Kevin Fischer. Kevin was present to express some serious concerns he was dealing with in regards to his water. He had to replace brand new appliances due to the water being rusty etc. Dan brought up the point that before USCDWUA could get the new line connected to Kevin Fischer we had to get a clean bacteria sample back. The sample just came back from the lab and it was clean. It was determined that as soon as the Milk Creek tank control project was complete Kevin Fischer would be connected to the new line. Kevin should be contacted by USCDWUA by August 22, 2017. Kevin Fischer then left the meeting.

Financial Report:

The Financial Reports distributed to the Board for July were direct from QuickBooks. It was stated that if a company is using an accounting program that we should be using the financial reports from the program and not manipulating them. The Board expressed some concerns at the confusion of the QuickBooks Reports. Amber presented the board with an example of a Sage report that seemed to make more sense than QuickBooks. Amber expressed concerns about QuickBooks and the limitations that QuickBooks presents. Amber has used Sage Accounting, formerly Peachtree, for over 15 years. Sage is a yearly subscription program and it is a little more expensive than QuickBooks Pro.

MOVED BY Debbie Christner

SECONDED BY Dennis Grunkemeyer to switch the accounting program from QuickBooks to Sage 50 Premium

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Dan pointed out that the usage was a little less than last month due to June being so hot and dry.

Construction and Maintenance:

Dan Hawkins reported on the following construction projects:

Cedar Mesa Road – Tap reconnections to the new pipeline are ongoing. USCDWUA set up a temporary fill station for the county at the top of the grade. As of now, the temporary fill station consists of a 2” pipe with a hose fitting on it. County Road Supervisor Dan Sickles asked if USCDWUA install a fire hydrant if the County will pay for it. Hawkins agreed to a fire hydrant, which will be installed as a part of connecting the Heavens View Road community to the new line.

Milk Creek Control Vault – The vault is in the ground with the equipment installed. Work is still needed to intercept the supply line to bypass the town of Cedaredge Vault. Hawkins said everything should be completed by the August 21st deadline.

Monitoring and Observation Well:

Dan Hawkins met with Brian McPherson and Bob Halley to find possible well sites. The consensus was a spot that is about ¼ mile from the plant where there could be a gravel bed where at some point the creek used to flow through there. Jerry pointed out that USCDWUA needs a well that can pump 150 gallons per minute for over 24 hours to support every tap. It was determined that if all shareholders were on restricted use, USCDWUA could have a well pumping at minimum 100 gallons per minute. The estimate from Brian McPherson to just drill a hole 200’ will be \$13,000. To have total finished well, it would be about \$25,000 without a pump. Dan also pointed out that if the well is dry, then the drilling is only \$18 per foot which is roughly \$3,600. A road will also need to be constructed; an estimate from Grant Peterson is \$7,000. There was extensive discussion of the merits of drilling etc. It was determined that this drilling is going to be a gamble but something that we need to try. Jerry also brought up different grants available; one is a New Water Development Grant, and the other is USDA Rural Development grant for drilling a well for an existing private nonprofit company to improve the quality of drinking water. Dan has filed an application with the State for a permit for the Monitoring and Observation Well. It was determined to follow up on the grants and then at the next meeting determine how to proceed with the project.

Response to Town re: interconnect:

Jerry Figueroa presented a response he mailed to the Town of Cedaredge regarding the emergency interconnect. As of August 14, 2017 no reply has been received from the Town.

Employee Status:

a.) Amber McPherson: Taken over the job of bookkeeper/office manager.

MOVED BY Jerry Figueroa to put Amber as a permanent full time employee at \$19 per hour with full benefits.

SECONDED BY Debbie Christner

MOTION CARRIED with no opposing views.

b.) Tyler Head: Is a 19-year old general laborer. He is now working under Tim Frey. Once his 90 days probation is up; he is entitled to full benefits. There was concern that company insurance policy would not cover him due to his age but the insurance company has not said otherwise.

c.) Helen Hawkins:

She was last in the office on July 31. She wants to officially be done with USCDWUA by the end of August 2017. Jerry brought up that USCDWUA should give her a severance package and Deb Christner brought up the fact that Helen does not want a plaque but a little fountain. It was determined to decide what to do for Helen at the Executive Board Meeting on Friday, August 18, 2017 at the Creekside Café at 9:00 a.m.

d.) Jerry brought up his search for a Class B operator; he has couple of options that he wants to pursue further. He has a lead on a Class A operator and there is a Class B operator in Texas that has business and systems experience. Colorado has a program in which the State of Colorado will transfer a license from another State if that states requirements are similar to Colorado. A Texas operator license will transfer to the State of Colorado. There is also a person locally in Delta that has a lot of systems experience but no license.

Other:

1. It was determined that the company should have a laptop that is updated and we can load programs on especially for the annual meeting.
2. Dan Hawkins brought up that the Plant Computer and software are obsolete and need to be updated. Also, lightning recently disabled the Milk Creek Tank remote monitoring radio. Mountain Peak Controls has given an estimate of \$9,700 for computers and software and includes install. It would be an additional \$4,900 for a radio system for the tank. The entire cost would roughly be \$15,000. Deb Christner brought up that USCDWUA had \$20,000 budgeted for legal fees and only \$2,000 had been spent so we could get the money from the legal fee budget.

MOVED BY Bryan Klassen

SECONDED BY Dennis Grunkemeyer to go forward getting the system replaced.

MOTION CARRIED with no opposing votes.

3. The new 2017 Chevy Colorado pickup has been in the shop of the 3 of the 5 weeks of purchasing it. As it is driving the gauges drop to zero and the engine loses power. Hellman's Chevrolet in Delta seems to be having trouble fixing it.
4. Lynn brought up his research on the pipe that has a little sun damage. It was determined that the discoloration from the sun has not really affected the pipe only the gaskets. The gaskets will have to be replaced. Lynn brought up that there are options to put a storage building up in which to store supplies such as pipe etc.

5. Dan Hawkins shared with the board that USCDWUA had a Sanitary Survey this past Thursday. He said that the inspection seemed to have gone very well; however, until we get the report back from the State we won't know how it really went.
6. Hawkins also expressed that he would like to be retired by the end of the current fiscal year, which is November 30. Dan also said that he would be willing to help out as needed operating the plant on a temporary basis if needed.

Meeting adjourned at 9:15 pm.

Respectfully Submitted:

A handwritten signature in blue ink that reads "Dan A. Hawkins". The signature is written in a cursive style and is positioned above a horizontal line.

Dan A. Hawkins, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
September 18, 2017

The meeting was called to order at 7:34 pm. Board members present were Lynn Oliver, Herman Kline, Dennis Grunkemeyer, Debbie Christner, Jerry Figueroa, and Bryan Klaseen; Ellis Fritchman was absent. Also present was Dan Hawkins and Amber McPherson. Bill Elkins was present throughout the meeting and Brian McPherson arrived at 8:00 pm.

Minutes:

MOVED BY Deb Christner

SECONDED BY Bryan Klaseen to accept the August 14, 2017 Board Meeting Minutes as written and distributed to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for August 2017.

MOVED BY Debbie Christner

SECONDED BY Dennis Grunkemeyer to approve financial statements as is.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for August 2017 were almost exactly the same as the usage for August 2016.

Construction and Maintenance:

Dan Hawkins reported on the following construction projects:

Cedar Mesa Road – Things are moving along; only 2 taps left to connect. The September Board meeting was postponed a week due to a major leak in the new pipeline. A section of pipe had been left exposed and the thrust of the water blew it apart. Dan also mentioned all the 6” pipe that we have will be used on the Cedar Mesa Road Project. There is still 800’ left to install down the draw to the other side.

Milk Creek Control Vault – Concrete has been poured over the man hole; a fully enclosed hut will be constructed so that it can be accessed in winter. It was brought up that we need to make sure that the building has siding so that it doesn’t start degrading like the pipe shed at the office. It was determined to put siding on the pipe shed as well as the hut.

Treatment Plant SCADA Upgrade – The upgrade is underway; however, with the new technology we are no longer able to use a phone modem. The internet from TDS is not working; IP addresses need to be installed on all devices for the internet to work. Amber offered to help them get all that set up if needed. Until the new system is up and running, we are still using the old system.

Monitoring and Observation Well:

Brian McPherson attended the meeting to give information on drilling the well. Brian stated that the well would start out as a monitoring and observation well. Only if the well looked like a viable source of alternate water would he proceed to finish it. Brian thought that by 50 or 60 feet he would be able to tell if the water source was plentiful. Brian pointed out that gravel formations will determine how much

water we can get. More rock and deep will provide the best water. Once shale has been hit, the drilling is complete. The permit is for a monitoring and observation well. Once the hole has been tested and is producing what we want then we will submit a new permit with an augmentation plan. The road to the well site has been completed so drilling can start at any time. Brian submitted a quote for the well drilling. If it is only a hole that isn't finished it would roughly cost about \$2,000. If it is a viable well then the cost would be close to \$12,000 finished without a pump. Brian also said that we would have a choice of SS 8" screen or PVC. Even though SS is more expensive it is also much more durable than the PVC. Brian also said that within 3-4 hours he would know if we had viable water. Brian said he would be available to drill either the 1st or 2nd week of October.

MOVED BY Dennis Grunkemeyer to have Brian McPherson drill a 6" hole and if it is a good source of water then to have the authority to drill a bigger hole to get the water we need.

SECONDED BY Deb Christner

MOTION CARRIED with no opposing votes.

Employee Status:

- a) Employee Policy – Board Members as well as Dan and Amber received copies of a proposed Employee Policy. Jerry would like to have it implemented by October 1. Jerry wants an executive board meeting sometime next week. He will let board members know the day and time as soon as he can get it arranged next week. After the board has looked at the policy and made any changes, Jerry wants the attorneys to look at it to make sure it is all legal and above board.
- b) Applications and resumes – Right now the applications that Jerry received from Indeed have all fallen through. Jerry said that he really wanted Dayton to step in as Superintendent. It was mentioned that Amber would be more than willing and capable to do a lot of the stuff that Dan does. Amber would also be willing to help Dayton succeed as Superintendent. It was brought up that the Company cannot support a salary for Dayton and a Supervisor and a new plant operator. Jerry said that he talked to Chuck Moore who is a Class A treatment operator and a Class D water distributor license. Chuck Moore would be very interested in coming to work for USCDWUA. Actual time at the Plant for water treatment is usually only 3-4 hours. Amber suggested that maybe Office Manager could oversee day to day operations working with more of an operations manager. This would keep us from having to pay for just another manager. It was also determined that the company really needs schismatics on the water system so that if anything happens to Dan or Dayton the company will be able to figure it out. Herman Kline also asked about Tyler becoming a full time employee. It was discussed at length that Tyler is young and does not have the experience to just go do a job on his own. It was brought up that the company cannot afford all these employees. Amber brought up that right now Tyler is only 3 or 4 hours over legally being considered a part time employee. As part time, the company would not have to pay any benefits just his hourly wage for hours worked. Based on Dan, Tim, and Dayton's recommendations will be the determination of how to proceed with Tyler.

Other:

1. Dan is working on a company policy. We need to make sure Bylaws match policy.
2. The proposed electronic map display with a laptop would be approximately \$2,000 for TV and laptop combo.

MOTION BY Dennis Grunkemeyer to purchase TV and laptop.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing views.

3. Bryan Klaseen brought up a neighbor's fence on Redlands Mesa Rd that was taken down during a pipe line repair. It was determined that USCDWUA needs to fix the fence.
4. Bryan Klaseen also brought up the concern what do we do if we don't have electricity for 3 weeks. Dan Hawkins estimated that the emergency generator will run for 2 days on its fuel supply. It was determined that we can deal with the situation as we need it.
5. Amber brought up the website. The software that has previously been used on the website is Helen's personal software the software is \$600 and we get an old outdated html website. Go Daddy hosts our website and for about \$100 more than what we already pay we can use their website builder and have a modern updated website. It was determined to just do it.
6. Amber also brought up that in the next billing we should send out a contact information form so that we can get current phone numbers in case of emergency and also offer the option of receiving email billing.

Meeting adjourned at 10:05 pm.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

October 23, 2017

The meeting was called to order at 6:35 pm. Board members present were Lynn Oliver, Herman Kline, Dennis Grunkemeyer, Debbie Christner, Jerry Figueroa, Bryan Klaseen, Ellis Fritchman. Also present was Dan Hawkins, Amber McPherson and Bill Elkins.

Minutes:

MOVED BY Herman Kline

SECONDED BY Bryan Klaseen to accept the September 18, 2017 Board Meeting Minutes as written and distributed to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for September 2017. Also reviewed was the 2015-2016 CPA Review by Blair and Associates. Amber brought up that there have been a lot of errors going on with the books that Blair and Associates have not caught and had not corrected. This has been going on for a lot of years. Amber brought up that when an accountant does the books they give a list of adjustments that need to be made and Blair and Associates have never given one. Amber brought up that she contacted Randy Fisher in Hotchkiss to see if he would be willing to do the Review and the 990 filing. He is willing to do our books for us and he will try to have review done by the middle of January. He would charge us about \$2,800 whereas Blair and Associates is charging \$3,800, our assets are incorrect, and the review wasn't done until the end of September. It was determined that Deb would contact Randy Fisher and report back to the board.

MOVED BY Dennis Grunkemeyer

SECONDED BY Deb Christner to approve financial statements as is.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for September 2017 was a little high; however, October's water usage was so little that it was determined to not read meters for October.

Lynn Oliver

Lynn Oliver wants to retire from the board now. Bill Elkins decided he would be willing to replace Lynn on the Board to finish out Lynn's term. It was noted that Bill Elkins will still have to be formally nominated and voted on at the Annual Meeting.

MOVED BY Lynn Oliver

SECONDED BY Herman Kline to accept the nomination of Bill Elkins to replace Lynn Oliver on the Board of Directors.

MOTION CARRIED with no opposing votes.

Construction and Maintenance:

Dan Hawkins reported on the following construction projects:

Cedar Mesa Road – Everything is done except for a couple of hundred feet to cross Cactus Park draw. Erik Fritchman was going to start on that soon. It should be done by the end of the year.

Milk Creek Control Vault – We are completely out of the diversion vault. It has a blind flange on it that if anything should happen we can connect back to it.

Treatment Plant SCADA Upgrade – The upgrade is complete and came in well under budget.

Monitoring and Observation Well:

Drilling is starting on October 24, 2017. It was determined to have several people watch the drilling to see if we will be able to have a second source of water. Dan noted that right now the system demand is 140 gallons a minute.

Employee Status:

- a) Employee Policy – Jerry explained the different Federal Labor Laws. One being that you cannot comp overtime with comp time. Jerry brought up the different things in the company policy and the different laws that we are not following. It was discussed if any employees were exempt or nonexempt. Jerry will be sending an email copy of the company policy to all the board members to look over again with changes.
- b) Dayton Myers is willing to be Operations Manager when Dan retires November 30, 2017. It was brought up that everybody is much more positive at USCDWUA. Jerry has a lot of faith in Dayton. Dan brought up that he thinks Dayton and Amber will work out very nice filling his shoes.
- c) Chuck Moore will be starting November 1. He will need to be trained on the water system and Dan will need to train Dayton and Amber to take over November 30.
- d) Tyler Head will not be coming on as a full time employee. He is to be part-time with no benefits. Dan will meet with Tyler to let him know he is not full time and give him feedback.
- e) Dan Hawkins reiterated that he is going to retire November 30. Dan said that he would be willing to help out as needed and he would be compensated at his current hourly wage for any hours worked after November 30.

Other:

1. Dan is working on a company policy. We need to make sure Bylaws match policy.
2. It was determined to mail out Annual Meeting notices after the November 12th Board Meeting.
3. The electronic map display is almost completed. The TV and laptop were close to \$2,300. The laptop is a gaming laptop because we need a high graphics card and it can withstand a lot of use. It was determined that it would be worth the investment.
4. Helen's retirement gift is a fountain and statue. It was remarked that we need a plaque for the fountain. We also need to work on a retirement gift for Dan.
5. It was also determined that the annual dinner will also be a retirement dinner for Dan, Helen, and Lynn. It was decided to have the dinner at Needle Rock Brewery. Dennis and Deb were going to pick the date.

Meeting adjourned at 8:45 pm.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

November 13, 2017

The meeting was called to order at 6:35 pm. Board members present were Bill Elkins, Herman Kline, Dennis Grunkemeyer, Deb Christner, Jerry Figueroa, Bryan Klaseen, Ellis Fritchman. Also present was Dan Hawkins, Dayton Myers, Amber McPherson and Lynn Oliver. Brian McPherson arrived at 8 p.m.

Minutes:

MOVED BY Deb Christner

SECONDED BY Dennis Grunkemeyer to accept the October 23, 2017 Board Meeting Minutes as written and distributed to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for October 2017. Deb brought up that our goal is to provide financial statements with a budget comparison and a list of checks in the near future.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to approve financial statements as is.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for October 2017 was 6,500,000 and was 1,000,000 less than October 2016.

Construction and Maintenance:

Dan Hawkins reported on the following construction projects:

Cedar Mesa Road -- Everything that can be done is done except removal of old valves. Dan pointed out on the map the yellow line is old galvanized pipe and has been abandoned on Cedar Mesa Rd.

Monitoring and Observation Well:

Jerry explained that the well went to 216' with a 12" hole and that the pump test resulted in about 15 gallons per minute; which was the production when the drilling was at 80'. Drilling deeper did not produce the results that we wanted; however if we had several wells that produced 15 gallons per minute we would have enough to blend in with the creek water to keep the DPP level in compliance. Jerry brought up that we could space several wells about 200 yards apart and drill 6" wells to about 80' and price would be much less than the big hole. Dayton brought up that in the winter we wouldn't need the wells because the water is clean. It was also mentioned that 50 gallons a minute would give every tap 72 gallons of water a day in an emergency. Brian arrived at 8:00 p.m. to give an update on the well and reiterated what Jerry had already explained adding that if we wait for Spring to test the well again, it might yield more water due to the rise in the creek. Brian thinks drilling future wells closer to the creek the better. Where the first well is there is too much clay that is sealing the water from going lower. Brian recommended doing smaller holes and not drilling to the Mancos Shale again.

Employees:

There was discussion about extending temporary employees probation period.

Annual Meeting Notices:

Annual Meeting Notices will go out on the 14th of November.

Employee Policy:

Jerry presented an almost finished employee policy to all the board members to look over again.

- a) Employee Uniforms – Dayton presented the board with the quotes for the shirts, hats, and jackets. Dayton and Amber are working on safety equipment as well.

Customer Policy:

It was determined to delay the customer policy for now. It is too complicated to be able to get done in a short amount of time.

Preliminary 2018 Budget

A preliminary budget for 2018 was presented for the board. The major expenses for 2018 will be the pond cleanout and an alternate water source. It was determined that we need to do a capital reserve study. It was determined that we will have a budget meeting on December 4, 2017.

Meeting adjourned at 9:20 pm. with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
December 4, 2017

The meeting was called to order at 6:28 pm. Board members present were Bill Elkins, Herman Kline, Dennis Grunkemeyer, Deb Christner, Jerry Figueroa, and Bryan Klaseen. Also present was Dayton Myers and Amber McPherson. Ellis Fritchman was absent.

Minutes:

MOVED BY Herman Kline

SECONDED BY Deb Christner to accept the November 13, 2017 Board Meeting Minutes as written and distributed to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for November 2017.

MOVED BY Deb Christner

SECONDED BY Bryan Klaseen to approve financial statements as is.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for November 2017 was 6,497,067 and was 294,627 more than November 2016.

Construction and Maintenance:

Dayton Myers reported on the following construction projects:

Milk Creek Tank -The control vault hut is finished and painted. It is insulated so that it won't freeze.

Redlands Mesa Transmission Line – County is going to redo road and we will need to move the water line. Dayton will be arranging with the County on financial responsibilities of moving the line

Redlands Mesa Vault Vault needs to be repaired. Parts have been ordered.

Employee Policy Manual:

Jerry reported he was almost finished with a final revision of the Employee Policy Manual. He will be sending out a final revision of the policy for review.

2018 Budget

The board was presented with several preliminary budgets along with a reserve study for 20 years. Due to the fact that tap sales have fallen off the last 8 years and our pipelines and treatment plant need maintenance we need to address how we are going to address these needs. The reserve study shows that we will run out of funding in a few years if we do not do something about it now. It was determined that the board recommend the \$45 budget at the Annual Meeting.

MOVED BY Bryan Klaseen

SECONDED BY Bill Elkins to recommend \$45 budget at the Annual Meeting.

MOTION CARRIED with no opposing votes.

Meeting adjourned at 9:00 pm. with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

December 12, 2017

The meeting was called to order at 9:00 pm. Board members present were Bill Elkins, Herman Kline, Dennis Grunkemeyer, Deb Christner, Jerry Figueroa, Ellis Fritchman, and Bryan Klaseen. Also present was Dayton Myers and Amber McPherson.

Board of Directors

MOVED BY Bryan Klaseen

SECONDED BY Dennis Grunkemeyer to make Jerry Figueroa President and Deb Christner Vice President.

MOTION CARRIED with no opposing votes.

Alternate Water Source:

Jerry informed the board Wildcat Drilling and Pump would rent USCDWUA a pump to test the well through the summer before we actually bought a pump and paid for the install.

HAA5 Violations:

Jerry reiterated we have to find a solution to the HAA5 problem. It needs to be a priority; Dayton informed the board he is talking to another company, which may have a filter membrane to take organics out. There is a possibility for the new membranes to be retro fitted. Dayton is going to set up an appointment with her to find out more information and what options we have.

Dan's Retirement:

It was determined we need to buy Dan a retirement gift. The board decided a drone would be perfect for him.

Peach Rd. 40 Acres

The person interested in the 40 acres on Peach Rd. wants to buy a tap and have it installed before he actually owns the property. The board decided the interested party in purchasing the Peach Rd property needs to attend the February meeting. The current owner needs to give notarized permission stating it is ok and the perspective buyer needs to understand, if the sale does not go through he is out the money for a tap and install.

Meeting adjourned at 9:26 pm. with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



**UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION**

Board of Directors Meeting

January 15, 2018

The meeting was called to order at 1:30 pm. Board members present were Bill Elkins, Ellis Fritchman, Dennis Grunkemeyer, Deb Christner, Jerry Figueroa, and Bryan Klaseen. Also present was Dayton Myers and Amber McPherson. Herman Kline was absent. Steve Harper was present at the beginning of the meeting via Video Conference; 1:50 pm Steve Harper disconnected. Deb and Austin from Filter Tech arrived at 2:00 pm to present the BOD options on filters to address DBPs; they left at 2:41 pm.

Minutes:

MOVED BY Deb Christner

SECONDED BY Bryan Klaseen to accept the December 4th and 12th Board Meeting Minutes as written and distributed to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for December 2017.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to approve financial statements as is.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for December 2017 was 6,412,667 and was 180,743 less than December 2016.

Filter Tech:

Deb and Austin from Filter Tech presented options to help with USCDWUA Disinfection by Products (DBPs). There were four options presented:

1. Add a 350gpm UltraFlex Color Removal Package (CRP) Membrane System to reduce TOC/DOC. Equipment size is 45' long x 7' wide x 11' high. Treat half of the raw water flow and blend the X-Flow effluent with the Pall effluent to reduce the HAA numbers. Current Max flow 500,000gpd or 350gpm. Total system flow-700gpm -350gpm from Pall; 350gpm from X-flow CRP Membranes.
 - a. Pros: Reduces the organic thereby reduces the DBPs; reduces color; will reduce or eliminate taste and odor problems.
 - b. Cons: Capital cost is high \$2,400,000; filter backwash and chemical cleanings required.
2. Add a Reverse Osmosis Nano System to reduce Organics. Equipment size 25' long x 48" wide x 8' high. Install system downstream of the Pall System and treat half of the filtered water to theoretically reduce the IAAs by half; design system for 250,000gpd or 175gpm.
 - a. Pros: Reduces the organics thereby reduces the DBPs; reduces color; should reduce taste and odor.
 - b. Cons: Capital Cost is \$375,000; requires pre-treatment; 25% high solids waste stream; chemical cleanings required.
3. Add a 750gpm Carbon Filter to reduce organics, thereby reducing DBPs. Equipment size is Three 96" Diameter filters x 15' tall.

- a. Pros: Reduces the organics thereby reduces all DBPs; moderately priced \$450,000; a “passive” system – no operational costs.
 - b. Cons: On-going costs – Carbon will need to be replaced periodically \$110,000 per complete change out (but filter can also be regenerated and used again)
4. Add a tank aeration system to reduce THMs in the system. Equipment will fit inside the tank.
- a. Pros: Addresses the THM issue; low cost \$25,000; low maintenance/automatic operation (on/off with thermostat)
 - b. Cons: Requires electricity at the tank; may not address taste and odor problems.

It was determined to do some preliminary testing in March and July to see which option will work the best.

Construction and Maintenance:

Steve Harper Tap -Steve requested a video conference to talk about the purchase and installation of a tap on his 3rd parcel of land that does not have a tap. The costs of installing the pipe line along the road to the 3rd parcel is very cost prohibitive. Steve mentioned he would like to see about installing the meter where the other 2 meters are, and he would cut across Parcel 2 to get the line to Parcel 3. Steve said he had an easement to cut across Parcel 2. It was determined USCDWUA would investigate more and see about the feasibility of this option. If this option is viable, USCDWUA would pay for the upgrade of the pipe to the meters. Steve was informed USCDWUA would get back to him within 30 days.

Rita Trminich New Tap – Rita is very interested in purchasing a new tap. If she purchases the new tap it would help us extend the 4” line 550ft down 2550 Rd. It was determined USCDWUA approval of the tap would be contingent on obtaining a legal easement on the east boundary of property.

MOVED BY Jerry Figueroa

SECONDED BY Deb Christner to approve sale of tap to Rita contingent on obtaining a legal easement on the east boundary of property.

MOTION CARRIED with no opposing votes.

Signers on Bank Accounts:

Jerry brought up the fact there are only two authorized signers on the Bank Accounts. It would be beneficial to have a third in case anything happens. Jerry mentioned the Vice President should be on the account as well as Jerry Figueroa and Amber McPherson.

MOVED BY Jerry Figueroa

SECONDED BY Dennis Grunkemeyer to add Deb Christner as a signer to all bank accounts.

MOTION CARRIED with no opposing votes.

Other Business:

- Employment Policy is still in progress. Copies will be mailed to Board Members in a few days.
- Lynn Pul’s husband passed away; it was determined to send flowers or memorial.
- Division of Water Resources sent out a letter requesting we submit an alternate water plan for this coming summer in case of a water shortage. Plan should be submitted by March. Dayton and Jerry will meet with James Holiman to find out more information.

Meeting adjourned at 4:18 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

February 5, 2018

The meeting was called to order at 6:35 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Herman Kline, and Bryan Klaseen. Also present was Dayton Myers and Amber McPherson. Ellis Fritchman was absent. Bob Halley was also present as a possible replacement Board Member.

Board of Directors: Jerry Figueroa resigned from the USCDWUA Board on January 28, 2018.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bill Elkins for Deb Christner to be President of USCDWUA.

MOTION CARRIED with no opposing votes.

MOVED BY Deb Christner

SECONDED BY Bill Elkins to elect Dennis Grunkemeyer as Vice President of USCDWUA.

MOTION CARRIED with no opposing votes.

Minutes:

MOVED BY Bryan Klaseen

SECONDED BY Herman Kline to accept the January 15, 2018 Board Meeting Minutes as written and distributed to the Board Members.

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for January 2018.

MOVED BY Deb Christner

SECONDED BY Bryan Klaseen to approve financial statements as is.

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for January was 7,580,451 gallons and was 1,220,954 gallons more than January 2017. Usage is high because of leaks that were recently fixed on 2550 Rd, New Hope Church, and a leak by Milk Creek Tank. There are also lawns being watered because it is so dry.

Water Lease Agreements:

USCDWUA has had water Lease Agreements with Frey and Kautzky for some time. The agreements are up for renewal. It was determined we need to research the situation more.

Construction and Maintenance:

New Floor in Office -After looking at floor options, it was determined a commercial laminate would be the best. The price is \$3.00 a square foot; which is significantly lower than our budget. It was mentioned countertops need replaced.

MOVED BY Dennis Grunkemeyer

SECONDED BY Bryan Klaseen to approve the laminate flooring and to replace the countertops if it can be done within the budget for the floor.

MOTION CARRIED with no opposing votes.

Steve Harper Tap -Dayton and Eric Fritchman went out to look at the pipe going across the road. Eric bid \$4,000 total to upgrade the pipe across the road. Dayton suggested USCDWUA pay half of the \$4,000 across the road then the pipe upgrade to the other meters were Steve Harper's responsibility.
MOVED BY Dennis Grunkemeyer
SECONDED BY Bryan Klaseen to pay half of the \$4,000 to get 4" pipe across road. Construction would only begin after tap had been paid in full.
MOTION CARRIED with no opposing votes.

Old Business:

Rita Trinich New Tap – We are still waiting to contact Rita to discuss the details from the January 15 Board Meeting.

Redland Mesa Vault – We still need to complete the repairs on the vault. The repairs must be made before Summer.

Faye Bowen – For some of the line upgrade on 2550 Rd. we need an easement from Faye Bowen. Dayton informed the board where we would need to cross her property is all sage brush. Perhaps if we offered Faye to clean it up etc. she would be willing to give an easement. Dayton is going to go talk to her soon.

Employment Policy: Deb informed the Board that Deb and Amber will work on the Employment Policy manual and then give everyone a copy of the revisions. USCDWUA needs to make sure USCDWUA Board is covered in the insurance policy and the liability insurance is \$1,000,000.

Signers on Bank Accounts:

USCDWUA has 4 Bank Accounts. US Bank Checking, US Bank Money Market, US Bank CD, and Bank of Colorado CD.

MOVED BY Bill Elkins

SECONDED BY Herman Kline to have Deb Christner, President; Dennis Grunkemeyer, Vice President; and Amber McPherson, Secretary-Treasurer as the signers on all four accounts.

MOTION CARRIED with no opposing votes.

Other Business:

Dayton brought up that all the tanks will need to be cleaned this year; estimate is \$5,000.

Meeting adjourned at 8:45 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

March 12, 2018

The meeting was called to order at 6:35 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Herman Kline, Ellis Fritchman, Bryan Klaseen, and Bob Halley. Also present was Dayton Myers and Amber McPherson.

Board of Directors:

MOVED BY Dennis Grunkemeyer to appoint Bob Halley as a Board of Director to fulfill Jerry Figueroa's term ending in December 2018.

SECONDED BY Ellis Fritchman

MOTION CARRIED with no opposing votes.

Minutes:

MOVED BY Herman Kline to accept the February 5, 2018 Board Meeting Minutes as written and distributed to the Board Members.

SECONDED BY Bill Elkins

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed for February 2018.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for February 2018 was 5,871,641 gallons and was roughly 450,000 gallons less than February 2017. Usage has been high because of leaks that were repaired and Dayton suspects somebody had a big leak on their property.

Water Lease Agreements:

Amber brought up USCDWUA owns half of the Kautzky water certificate. This could be an issue because the certificate is still in their name. Kautzky has expressed interest in selling the remainder of the water to USCDWUA for \$2,000 a foot; there is 5 feet left on the certificate.

MOVED BY Bryan Klaseen to buy the remainder of the Kautzky 5 feet for \$2,000 per foot for a total of \$10,000 and get the whole share transferred to USCDWUA.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Old Business:

Steve Harper Tap -The tap for Steve Harper changed from the last meeting. The tap is now being placed by the road and Richard Belden is going to put the 4" pipe across the road. This should be done by the end of next week. Steve has paid for the tap and for the water.

Rita Trinich New Tap/2550 Rd. - Dayton talked to Rita; there is an irrigation line of the west side of the road. Talked to Sulky about going on the east side of his driveway and he is in favor of this. Dayton still needs to talk to Drake Waehner.

Redland Mesa Vault - This is still not fixed. Dayton is waiting for his shoulder to heal because he will need to climb down into a hole to rebuild the regulator.

Bank Accounts - All the bank accounts were updated with Deb, Dennis, and Amber as signers.

Water in Escrow – There is left over feet from people who bought taps and turned over extra water to USCDWUA at the time of purchase. It was determined to start with the oldest water and work our way down the list when someone buys a tap to clear up all the extra water.

Jerry's Retirement:

Everyone agreed to order a plaque for Jerry that says Thank You for your years of service with date and name on it. To also give him a gift card for a nice dinner and when we get the plaque, anyone who wants to can take him to lunch to present it to him. Dennis also brought up it would be nice if Jerry wrote a little something for the newsletter.

Employment Policy:

The updated Employment Policy was mailed out at the beginning of the month to everyone to look at. The Employment Policy will now be reviewed by a law firm.

Meeting adjourned at 8:19 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

April 9, 2018

The meeting was called to order at 7:31 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Herman Kline, and Bryan Klaseen. Absent were Ellis Fritchman and Bob Halley. Also present was Dayton Myers, Amber McPherson, and Brad Stratman as a possible replacement for Herman.

Minutes:

MOVED BY Bryan Klaseen to accept the March 12, 2018 Board Meeting Minutes as written and distributed to the Board Members.

SECONDED BY Herman Kline

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for March 2018.

MOVED BY Dennis Grunkemeyer to approve financial statements as is.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for March 2018 was 6,824,234 gallons and was roughly 400,000 gallons less than March 2017.

Employment Policy:

The Employment Policy was sent to the attorney after last meeting. The office of the attorney has said it will be reviewed by the next board meeting.

Job Descriptions:

The job descriptions have been completed and distributed to the Board. They can now be sent to the attorney for review.

Company Policy:

It was also discussed the need for a Company Policy. Dayton and Amber will start making notes of things that need to be addressed in the company policy.

Lease Water from Frey:

Ray Frey sent USCDWUA a bill for 1 share of Surface Creek Ditch & Reservoir. We currently do not have a lease agreement with Frey's; however, we own 7 feet of the share and they still own 4 feet. It was determined to renegotiate the lease with Frey with the terms they pay 4 feet we pay 7 feet.

Rent Water from Harman Lohman:

We have been contacted by Harman Lohman and Greg Helmsingly to rent water from them. We talked to Dan and his opinion is we do not need the rental water. Dayton is going to contact them again and find out how much they are asking etc.

Old Business:

Steve Harper Tap -Is completed and will be in closing soon.

Rita Trninich New Tap/2550 Rd. – Just waiting for Rita to purchase tap.

Redland Mesa Vault – This is on the agenda to fix later this week.

2550 Rd. – Ready to start on the one spur of this project with 4” pipe to serve Rita. Estimate for this part of the project is \$7,500.

Jerry Plaque/Lunch – Jerry’s plaque is finished. Deb will call to set up date/time for lunch.

Setting Pump in Well – Next week Wildcat Drilling and Pump will set the test pump in the well.

Other:

- a.) Dayton brought up Filter Tech to see if we wanted to contact them to start testing the HAA5. It was determined to limit tests and other expenses to \$2,000.
- b.) Dayton also informed the board we sold another tap since the last meeting. They brought 3 shares of Leon Lake for their tap. Leon Lake does not break shares so USCDWUA bought half a share for \$400.
- c.) There has also been issues with several meters not being able to be read due to dogs. The board suggested we send out a letter to the homeowners. Dayton was also going to call the Sheriff to see if we have any recourse.
- d.) Herman Kline brought Brad Stratman to the meeting to see if Brad would like to replace him. Brad Stratman expressed to the Board he is willing to replace Herman.
MOVED BY Bryan Klaseen to appoint Brad Stratman as a Board of Director to fulfill Herman Kline’s term ending in December 2018.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with no opposing votes.
- e.) Dennis also brought up that in the past USCDWUA has had a no well policy. There have been several inquiries of people who already own a USCDWUA tap who own 35 acres or more wanting a well for agricultural use. It was determined to research the matter more.

Meeting adjourned at 9:30 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

May 14, 2018

The meeting was called to order at 7:25 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Brad Stratman, Bryan Klaseen, Bob Halley, and Ellis Fritchman was tardy. Also present was Dayton Myers, Amber McPherson, Josh Kasper, Chris and Peggy Decker, Bruce Journey, Rita Trninich, Lewis Anderson, Bruce Pendleton, and Brian McPherson David and Betsy Koos arrived at 8:15 pm.

Minutes:

MOVED BY Bryan Klaseen to accept the April 9, 2018 Board Meeting Minutes as written and distributed to the Board Members.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for April 2018.

MOVED BY Dennis Grunkemeyer to approve financial statements as is.

SECONDED BY Bill Elkins

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for April 2018 was 7,152,262 gallons and was roughly 216,000 gallons less than April 2017. Dayton thinks there is an undetected leak because plant usage is about 20% more than metered usage.

Well Permits:

Josh Kasper, the Well Commissioner for Division Office 4 of the Colorado Division of Water Resources was invited by the Board of Directors to speak with the board about what an exempt well is. Josh explained that to obtain a permit for an exempt well an applicant must own 35 acres or more. A permit for an exempt well allows the owner to water livestock, irrigate one acre, and/or connect 3 dwellings to it. Josh also explained if someone was to subdivide the property, the well is no longer permitted. A subdivision cannot connect to the well for water. Chris and Peggy Decker, Bruce Journey, Rita Trninich, and Bruce Pendleton all presented their case for a well to the Board of Directors. After each person presented their case, they left the meeting at 8:12 pm. The Board of Directors discussed the situation and there were concerns about cross connections, State of Colorado issuing permits without approval from USCDWUA, and if someone built another house on their land and connected the well to it. It was determined to allow members on the water system to come directly to USCDWUA before applying for a permit. On a case by case basis, USCDWUA Board of Directors and Manager will review each well permit request. Contingent upon Board and Manager approval, each owner applying for a well will sign an agreement with USCDWUA; which states the well will not be used for Domestic use and will not have any cross connections with USCDWUA water system. At which time, USCDWUA will write a letter to the Division of Water Resources informing them USCDWUA has no objection to the well permit. It was also determined to submit the contract to a lawyer for review before implementing it.

David Koos Phase 2 of Pine Ridge Venture Subdivision:

David and Betsy Koos arrived at 8:15 pm They would like to amend their contract with USCDWUA for Phase 2 of Pine Ridge Venture Subdivision. David proposed to the Board that as one lot sold he would purchase the tap for the lot. The Board determined if the county did not have issues with the proposal neither did USCDWUA. After David speaks with the county he will contact Amber to revise the contract with USCDWUA. David and Betsy left at 8:30 pm

Old Business:

Employment Policy -Amber talked to the attorney today and he said he only had a few minor suggestions and the biggest one was the Military Leave policy. As soon as we get it from the attorney, Amber will email the Board.

Job Descriptions – The attorney reviewed the job descriptions and they are perfect as is.

Rent Water from Harman Lohman: Dayton spoke with Harman and he said he didn't have a set price in mind. The Board determined to go ahead and rent it now in case we need it. The Board determined to offer up to \$100 per foot for the water. He has 8 shares of Surface Creek; which is 3 feet per share.

Redland Mesa Vault – This is completed.

2550 Rd. – This project will begin later this month.

Frey Water – Amber met with Ray Frey last week and purchased the remaining share and the stock is now transferred to USCDWUA.

Setting Pump in Well – Wildcat Drilling and Pump set the pump last week and it pumped about 20 gallons a minute however the water level dropped as it was being pumped. More testing will be done as the summer goes. As a side note, the water is very hard.

Meeting adjourned at 9:45 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

June 11, 2018

The meeting was called to order at 7:32 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Brad Stratman, Bryan Klaseen, Bob Halley, and Ellis Fritchman. Also present was Dayton Myers and Amber McPherson. Also present was Bruce Jurney and Brian McPherson arrived at 7:45 p.m.

Minutes:

MOVED BY Bryan Klaseen to accept the May 14, 2018 Board Meeting Minutes with the correction of Brad Stratman's name.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for May 2018.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for May 2018 was 11,645,123 gallons and was roughly 2,060,060 gallons more than May 2018.

Well Permits:

The board was presented the Water Well Contract that USCDWUA will require to have signed by anyone who will have a permit for a well. The Water Well Contract was approved by the attorney. Deb suggested we require a backflow preventer to be professionally installed with ease of access at the house and tested yearly for anyone who will drill a well. The Water Well Contract was edited to reflect the changes and presented to the board. Once the Water Well Contract is returned a form letter to the Colorado Division of Water Resources will be issued to the approved applicant to submit with their permit. Brian McPherson and Bruce Jurney left at 8:46 p.m.

MOVED BY Dennis Grunkemeyer to write a form letter to the Colorado Division of Water Resources once an applicant completes the Water Well Contract.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

MOVED BY Bryan Klaseen to not object to the well permit for Bruce Pendleton at 14421 Rimrock Rd.

SECONDED BY Brad Stratman

MOTION CARRIED with 1 abstaining vote.

MOVED BY Bryan Klaseen to not object to the well permit for Chris and Peggy Decker at 24086 T50 Rd.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with 1 abstaining vote.

MOVED BY Dennis Grunkemeyer to not object to the well permit for Bruce Jurney at 25925 Q25 Rd.

SECONDED BY Brad Stratman

MOTION CARRIED with 1 abstaining vote.

MOVED BY Dennis Grunkemeyer to not object to the well permit for Rita Trinich at 16737 2550 Rd.

SECONDED BY Bryan Klaseen

MOTION CARRIED with 1 abstaining vote.

Employment Policy Manual:

The Employment Policy Manual was returned from the attorney, changes were made, and the manual was presented to the board for discussion.

MOVED BY Bob Halley to accept the Employment Policy as written.

SECONDED BY Bryan Klasecn

MOTION CARRIED with no opposing votes.

Moorehouse Well Application Packet:

After the board reviewed all the information associated with this well, the board stands by it's original decision to object to the well from the BOD meeting on December 5, 2016.

Drought Response:

Dayton explained to the board Grand Mesa Water Users and Colorado Division of Water Resources is encouraging USCDWUA to increase overage rates due to the shortage of water on Grand Mesa. Dayton and Amber suggested the following temporary increase beginning with the upcoming meter cycle:

- Up to 7,500 gal/month \$45.00
- 7,501-13,000 gal/month -- \$2.00/1,000 gal
- 13,001-20,000 gal/month -- \$3.00/1,000 gal
- 20,001-30,000 gal/month -- \$6.00/1,000 gal
- 30,001-40,000 gal/month -- \$12.00/1,000 gal
- 40,001-50,000 gal/month -- \$24.00/1,000 gal
- Over 50,000 gal/month -- \$40.00/1,000 gal

It was also noted the agricultural rates be increased proportionate to the rates proposed. Code B meters will remain the same.

MOVED BY Bill Elkins to accept rate increase as presented.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

New Office Printer/Fax/Copier

After discussing the pros and cons of buying a printer or leasing a printer it was determined to let Amber and Dayton decide which would be the best way to go.

Old Business:

Rent Water from Harman Lohman: Dayton offered Harman Lohman \$125 per foot. According to Grand Mesa Water Users, water is already being leased for \$300 per foot. Harman agreed to the \$125 per foot.

2550 Rd.: This project is completed.

Mapping by Dan: Work is still being done.

Other Business:

Filter Tech: Will begin testing on Thursday the 14th. Also, the Town of Cedaredge will be doing our TOC tests for free.

State Reclassifying: The State is reclassifying the plant to a Class A and our distribution will be Class 3.

Redlands Mesa Rd.: The County is working along the new 8" line on Redlands Mesa again.

Meeting adjourned at 9:50 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
July 9, 2018

The meeting was called to order at 7:31 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Brad Stratman, Bryan Klaseen, Bob Halley, and Ellis Fritchman. Also present was Dayton Myers and Amber McPherson. Also present was Joe Holvoet and Janice Heilif.

Minutes:

MOVED BY Bryan Klaseen to accept the June 11, 2018 Board Meeting Minutes as presented.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes

Financial Report:

The Financial Reports were reviewed and discussed for June 2018.
MOVED BY Dennis Grunkemeyer to approve financial statements as is.
SECONDED BY Bryan Klaseen
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for June 2018 was 12,929,055 gallons and was 2,208,467 gallons less than June 2017.

Well Permit:

Joe Holvoet and Janice Heilif presented an application for a well to the Board of Directors. They have 40 acres, so they meet the 35-acre requirement and they have a domestic tap, meeting that requirement. They want to use the well water for their lawn and garden.
MOVED BY Bryan Klaseen to not object to the well permit for Joe Holvoet and Janice Heilif at 13743 2800 Rd.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with 1 abstaining vote.

Emergency Response and Procedures:

On July 4 there was a major leak on Redlands Mesa causing the storage tank to empty. The leak was repaired in a short amount of time however due to the empty tank and lines an air lock formed in the system, which kept all the lines from recharging for almost 48 hours. Contacting everyone was almost impossible. We have looked into ONSOLVE which is the private sector for CODE RED which municipalities use for emergency notifications. For USCDWUA it would be \$1,500 a year plus \$2.00 each contact/each time. It was determined this is cost prohibitive for USCDWUA. A Facebook page was created to hopefully keep people informed.
Dayton will look into an alarm for the tanks to give warning when the water level reaches a certain level. Also, look at adding the Rimrock Road line so there is a backup for Redlands Mesa.
Need to get everyone on the system to update their information for us to contact them.
In the upcoming newsletter stress the importance of people calling us as soon as they notice they have no water etc. even if it is 2:00 a.m.

Old Business:

Rent Water from Harman Lohman: Dayton offered Harman Lohman \$125 per acre foot. The water is actually Alfalfa Ditch #1 Decree; we will be paying it though November based on percentage run.

New Office Printer/Fax.: We went with the copier/printer lease option.

Filter Tech Results: Filter Tech did pilot test on different filter systems. Cedaredge did the TOC testing on 3 treated samples and one raw water sample. Results were as follows: Coal Base Filter was 2.3,

Coconut Base Filter was 3.3; Membrane Filters were 4.6. and raw water was 6.4 Colorado Analytic did the Halocitic Acid test; they were 8.9; Coal 4.7. It appeared that both coal filters and coconut filters lower trichloridic acids significantly.

Mapping by Dan: Work is still being done.

Other Business:

Well Pump Testing: Dayton will call Wildcat Drilling and Pump to test well again during dry conditions.

North Fork Accounting: Randy Fisher is moving to Tennessee but will keep clients from Colorado. It was decided to keep Randy as the accountant for USCDWUA.

Water Tanks were cleaned on June 25; the tanks are all in order.

Meeting adjourned at 9:03 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
August 13, 2018

The meeting was called to order at 7:32 pm Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Brad Stratman, and Bob Halley Bryan Klaseen and Ellis Fritchman were absent Also present was Dayton Myers and Amber McPherson. Brad Stratman left at 8:35 pm.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the July 9, 2018 Board Meeting Minutes as presented.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for July 2018.
MOVED BY Bill Elkins to approve financial statements as is.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for July 2018 was 12,251,271 gallons and was 1,723,039 gallons less than July 2017.

Redland Mesa Subdivision #1:

The Board discussed Redland Mesa Subdivision #1.

Past Due Accounts:

The Board discussed the Past Due Accounts of USCDWUA and procedures to follow to collect past due amounts.

Old Business:

Well Pump Testing: The well testing was incomplete; Dayton wants to test it again. The samples that were collected and tested for TOC were 4.2 for Surface Creek and 6.2 for the well.

Alarm for Water Tanks: Dayton is talking to Mountain Peaks Control Systems about solar alarms on water tanks to alert us if they are below a certain level.

Mapping by Dan: Work is still being done.

Other Business:

Salary/Benefits: Board will look at salaries and benefits for employees for the upcoming year.

Pros/Cons of Municipalities: The Board discussed the future of the Company and differences between a private company and a municipality.

By-Laws: USCDWUA is updating the bylaws with the intention of presenting them at the annual meeting for approval.

Meeting adjourned at 9:45 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

September 10, 2018

The meeting was called to order at 7:29 pm. Board members present were Bill Elkins, Dennis Grunkemeyer, Deb Christner, Bob Halley, Bryan Klaseen, and Ellis Fritchman. Brad Statman was absent. Also present was Dayton Myers and Amber McPherson. Perry Burget arrived at 7:30 p.m.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the August 13, 2018 Board Meeting Minutes as presented.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for August 2018.
MOVED BY Bryan Klaseen to approve financial statements as is.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for August 2018 was 11,582,464 gallons and was 1,000,000 gallons less than August 2017.

Well Permit Request:

Perry Burget presented a well permit for David and Terri Reynolds at 17826 Hanson Rd. There is already a Domestic Water Tap installed; the well would be used for livestock and irrigation purposes. Perry Burget left at 7:40 p.m.
MOVED BY Bryan Klaseen to not oppose the well permit for David and Terri Reynolds.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with one abstaining vote

Employee Reviews:

Dayton went over Employee Reviews with the board.

Special Districts:

The board was given information about Special Districts to review and research further.

Old Business:

Well Pump Testing: There has not been time to pump test the well again.

Alarm for Water Tanks: Mountain Peaks Control Systems is still working on something for us.

Mapping by Dan: Work is still being done.

Updating Bylaws: Amber is in contact with the attorney in Grand Junction to make sure that they are updated for the annual meeting.

Other Business:

Time of Meetings: The time change for meeting will begin with October's meeting at 6:30 p.m.

Meeting adjourned at 8:50 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

October 8, 2018

The meeting was called to order at 6:34 pm. Board members present were Bill Elkins, Deb Christner, Bob Halley, Bryan Klaseen, Ellis Fritchman, and Brad Stratman. Dennis Grunkemeyer was tardy, arriving at 7:30 p.m. Also present was Dayton Myers and Amber McPherson

Minutes:

MOVED BY Ellis Fritchman to accept the September 10, 2018 Board Meeting Minutes as presented.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for September 2018.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for September 2018 was 10,078,231 gallons and was 450,000 gallons less than September 2017.

New Utility Program:

Amber presented the board with a utility program that is more functional than the one currently being used. It is a one-time cost of \$1,400 and then a yearly fee of \$500, which includes the ability for customers to login to their own account and pay bills online. It also gives USCDWUA the ability to upload and download meter readings. The program will also integrate with QuickBooks.

MOVED BY Bryan Klaseen to update the utility software if users in the area give it good reviews.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes

Reading Meters in November

Dayton brought up that we should remove the drought overage rates with the caveat we may need to read meters in November if water usage increases.

MOVED BY Bob Halley to reverse drought overage rates for October 2018

SECONDED BY Bill Elkins

MOTION CARRIED with no opposing votes

Old Business:

Well Pump Testing: It was decided to try the pump testing in the Spring of 2019.

Alarm for Water Tanks: Mountain Peaks Control Systems is still working on something for us.

Mapping by Dan: Need to finish; Dayton and Amber will talk to Dan.

Updating Bylaws: By-laws are being worked on by attorney in Grand Junction.

Special District: We are still investigating.

Filter Tech: Still working on solutions and in the spring will try UV Pilot testing

Meeting adjourned at 7:52 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
November 12, 2018

The meeting was called to order at 6:35 pm. Board members present were Bill Elkins, Deb Christner, Bob Halley, Bryan Klaseen, Ellis Fritchman, and Brad Stratman; Dennis Grunkemeyer was absent. Also present was Dayton Myers and Amber McPherson

Minutes:

MOVED BY Ellis Fritchman to accept the October 8, 2018 Board Meeting Minutes as presented.
SECONDED BY Bryan Klaseen
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for September 2018.
MOVED BY Bryan Klaseen to approve financial statements as is.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for October 2018 was 100,000 gallons less than October 2017. Meters were not read as usage was below normal winter flow.

Rimrock Road:

Dayton brought up the need to finish the new Cedar Mesa Water line to Rimrock Road. There have been water quality issues due to the old line. It is only another 3,000 feet for that section to be completed. He will be working on easements to get this finished early this coming year.

CDPHE Grant:

USCDWUA received an email from CDPHE stating they have a grant up to \$25,000 available for any water system to help them with violation problems. It was determined that Amber would submit the required letter to apply for the grant for HAA5.

Budget:

A preliminary budget was presented and discussed for the upcoming year. USCDWUA Board will meet on December 4 to finalize the budget before the annual meeting.

Old Business:

Well Pump Testing: It was decided to try the pump testing in the Spring of 2019. Well can stay as is.

Alarm for Water Tanks: Mountain Peaks Control Systems is still working on something for us.

Mapping by Dan: Need to finish; Dayton and Amber will talk to Dan.

Updating Bylaws: The attorney would like to meet with the board to discuss at a later date.

Special District: We are still investigating.

Filter Tech: Still working on solutions and in the spring will try UV Pilot testing

Meeting adjourned at 8:15 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

December 4, 2018

The meeting was called to order at 6:37 pm. Board members present were Deb Christner, Bryan Klaseen, Ellis Fritchman, Brad Stratman, Dennis Grunkemeyer; Bill Elkins arrived at 6:47 pm and Bob Halley was absent. Also present was Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Bryan Klaseen to accept the November 12, 2018 Board Meeting Minutes as presented.
SECONDED BY Ellis Fritchman
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for November 2018.
MOVED BY Bryan Klaseen to approve financial statements as is.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received. Gallons used for November 2018 was 100,000 gallons less than November 2017.

Calendar for 2019:

Dates and Places for the Annual Dinner were discussed. It was determined the date of the Annual Dinner is January 8. Amber will finalize the venue based on availability and price. It was also decided to have a BOD meeting on January 28, no meeting in February, and then back to the 2nd Monday of the month in March.

By-Laws:

The attorney would like to meet with the BOD to discuss changes to the By-Laws and operating options for USCDWUA. Amber will schedule the attorney to attend either the January 28 or March 11 meeting.

Annual Meeting:

The Budget for 2019 was reviewed and discussed by the BOD. Directors up for re-election this year are Deb Christner, Bob Halley, and Brad Stratman. Topics for Annual meeting were finalized.

Old Business:

Well Pump Testing: It was decided to try the pump testing in the Spring of 2019. Well can stay as is.
Alarm for Water Tanks: Mountain Peaks Control Systems is still working on something for us.
Mapping by Dan: Need to finish; Dayton and Amber will talk to Dan.
Special District: We are still investigating.
Filter Tech: Still working on solutions and in the spring will try UV Pilot testing

Other Business:

On T-50 Road it looks like a mobile home park is developing and they only have 1 tap. Dayton will investigate the situation and see what is going on.

Bob Halley brought up the Grand Mesa Water Conservancy District is looking at purchasing a PVC Pipe finder which would be about \$7,500. It might be beneficial for USCDWUA to see about going in half with GMWCD so USCDWUA would have the use of it when needed.

MOVED BY Dennis Grunkemeyer to pursue splitting the cost with GMWCD for a PVC Pipe finder.
SECONDED BY Ellis Fritchman
MOTION CARRIED with no opposing votes.

Meeting adjourned at 7:53 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

December 11, 2018

The meeting was called to order at 8:26 pm. Board members present were Deb Christner, Bryan Klaseen, Ellis Fritchman, Brad Stratman, Dennis Grunkemeyer, and Bob Halley. Bill Elkins was absent. Also present was Dayton Myers and Amber McPherson.

Election of Officers:

MOVED BY Dennis Grunkemeyer to make Deb Christner President.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

MOVED BY Bryan Klaseen to make Dennis Grunkemeyer Vice-President.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

MOVED BY Deb Christner to make Amber McPherson Secretary/Treasurer

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

US Bank Loan:

US Bank Loan will renew in May 2019. We need to investigate options to see how we want to proceed. Amber will call CWCB to see if USCDWUA can combine balance into our current loan with CWCB or if they will let us take out another loan for some of the balance etc.

Possible Reservoir Purchase:

The Town of Cedaredge is looking into buying a reservoir. It might be worth pursuing a partnership with the town in purchasing the reservoir. Dayton will find out more information about it.

Meeting adjourned at 8:44 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

January 28, 2019

The meeting was called to order at 6:34 pm. Board members present were Deb Christner, Bryan Klaseen, Ellis Fritchman, Brad Stratman, Dennis Grunkemeyer, Bill Elkins, and Bob Halley. Also present was Chris McAnany, Dayton Myers, and Amber McPherson.

Minutes:

MOVED BY Bryan Klaseen to accept the December 4, 2018 and December 11, 2018 Board Meeting Minutes as presented.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for December 2018.

MOVED BY Bob Halley to approve financial statements as is.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

FOM Report:

The End of Month report data was received. Gallons used for December 2018 was 200,000 gallons less than December 2017. Dayton mentioned there were a couple of leaks in January that were fixed.

Attorney Presentation:

Chris McAnany is an attorney from Dufford, Waldeck, Milburn, & Krohn LLP. Chris has been an attorney since 1993 and has extensive experience in Special Districts, Public Entity development and related work as well as litigation. Chris was invited by the board to give insight into Special Districts and other operational options would benefit USCDWUA. In becoming a Special District USCDWUA would essentially become a governmental entity subject to all government rules and regulations. Chris went through the steps of becoming a Special District from Service Plan, County Hearings, notices to all properties, etc. There are times that Special Districts make sense when a small company is experiencing huge growth. The fees involved in becoming a special district is costly. We would have to have a full audit every year. Reasons to form a Special District would be to take advantage of Federal and State Grant money available, reduced personal liability, and being able to participate in a larger water related company. Chris then suggested we update our By-Laws and Operation Procedures so we do have protections without the cost of becoming a governmental entity. Chris also suggested we work in getting steps in place for the future when becoming a Special District would make more sense. Chris departed at 7:37 pm.

By-Laws:

After Chris left the Board discussed the Pros and Cons of what the attorney presented. It was agreed that a Special District was not necessary at this time. However, updating the By-Laws and having a clear operation procedure would be in the best interest.

MOVED BY Dennis Grunkemeyer to have Chris McAnany update the By-Laws to present to the Board.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

US Bank Renewal:

The Board was presented with the renewal options from US Bank. Deb brought up that Commercial Loans are at 6%-6½%. The Board agreed we should at least check with the Bank of Colorado and see where their loans are at.

PVC Pipe Finder:

GMWCD is still looking at purchasing the PVC Pipe Finder. They are working on a grant for half the purchase price and then USCDWUA, the town of Cedaredge, and Colby Water would split the remainder with GMWCD. The price would only be about \$2,000 at the most. GMWCD will have a demonstration on how it works before they purchase it.

Mobile Home Park on T-50:

The property on T-50 Rd has 2 fifth wheels on it. The one fifth wheel is vacant and is in the process of being sold. The other fifth wheel comes and goes from Denver. Our By-Laws say only one dwelling per tap and a dwelling is considered a kitchen, bathroom, and bedroom. The county says 3 fifth wheels is equivalent to a 3-bedroom house and the property has a septic system to support a 3-bedroom house. This is something that needs to be addressed in the updated By-Laws due to all the "tiny house living" that is trending.

Backhoe Proposal:

Benson Brothers had the best price on a backhoe. The price before trade in is \$58,744 including tax. The trade in for the old backhoe is \$13,000 which is \$45,744 for the final total on the Backhoe. It's a 2012 Backhoe only 3,300 hours and tight and everything works great. Much better than the old one. MOVED BY Dennis Grunkemeyer to purchase the Backhoe from Benson Brothers.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

Old Business:

Well Pump Testing: It was decided to try the pump testing in the Spring of 2019. Well can stay as is.

Alarm for Water Tanks: Mountain Peaks Control Systems wants to look at tanks when snow is gone.

Mapping by Dan: Need to finish; BOD agreed March 1 as the deadline.

Filter Tech: Still working on solutions and in the spring will try UV Pilot testing

Easements: Dayton is talking to both parties for easements on Rimrock Rd and 2550 Rd. Both Parties have maps and information on exactly what USCDWUA wants to do.

Meeting adjourned at 8:42 pm with no other business.

Respectfully Submitted:

Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

March 11, 2019

The meeting was called to order at 6:33 pm. Board members present were Deb Christner, Bryan Klaseen, Ellis Fritchman, Brad Stratman, Bill Elkins, and Bob Halley, Dennis Grunkemeyer was tardy arriving at 6:38 p.m. Also present was Travis Holton, John Walker, Dayton Myers, and Amber McPherson.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the January 28, 2019 Board Meeting Minutes as presented.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for January 2019.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

The Financial Reports were reviewed and discussed for February 2019.

MOVED BY Dennis Grunkemeyer to approve financial statements as is.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for January and February. Gallons used for January 2019 was 500,000 gallons less than January 2018. Gallons used for February 2019 was 181,000 gallons more than February 2018.

Well Permits:

Travis Holton presented an application for a well to the Board of Directors. He meets the 35-acre requirement and has a domestic water tap, meeting USCDWUA requirements. The well is to be used for agriculture uses.

MOVED BY Bryan Klaseen to not object to the well permit for Travis Holton at 14292 Oriole Rd.

SECONDED BY Bill Elkins

MOTION CARRIED with 1 opposing vote.

John Walker presented an application for a well to the Board of Directors. He meets the 35-acre requirement and has a domestic water tap, meeting USCDWUA requirements. The well is to be used for agriculture use.

MOVED BY Bryan Klaseen to not object to the well permit for John Walker at 24750 Tannin Rd.

SECONDED BY Bill Elkins

MOTION CARRIED with 1 opposing vote.

US Bank Renewal:

The Board discussed the renewal options from US Bank.

MOVED BY Dennis Grunkemeyer to accept the 7-year loan pay off option

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Cedar Mesa Rd/Rimrock Rd Connection

Dayton talked to Richard Beldon about drilling and pulling the pipe. The cost just to drill and pull pipe with a 10” bore is \$16,500. The pipe that would need to be used is \$19.00 ft. It is not feasible to use this option.

Easements:

USCDWUA is still working on easements for 2550 Rd and Cedar Mesa Rd and Rimrock connection. It was recommended to talk to the attorney and see what options we have and have him send letters to parties involved.

Mobile Home Park:

USCDWUA received information of a Mobile Home Park from the Delta County Planning Department. It was discussed and determined how to answer the information presented.

Old Business:

Well Pump Testing: It was decided to try the pump testing in the Spring of 2019. Well can stay as is.

Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.

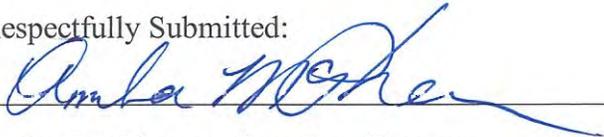
Mapping by Dan: Map work by Dan is complete.

Filter Tech: Still working on solutions; will try UV Pilot testing probably in May or June 2019.

Easements: Dayton is talking to both parties for easements on Rimrock Rd and 2550 Rd. Both Parties have maps and information on exactly what USCDWUA wants to do.

Meeting adjourned at 7:52 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

April 8, 2019

The meeting was called to order at 7:31 pm. Board members present were Deb Christner, Bryan Klaseen, Ellis Fritchman, Brad Stratman, Bill Elkins, and Dennis Grunkemeyer. Also present was Dayton Myers. Absent were Bob Halley and Amber McPherson.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the March 11, 2019 Board Meeting Minutes as presented.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for March 2019.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for March 2019. Gallons used for March 2019 was 40,000 gallons more than March 2018. Dayton also brought up that USCDWUA is conducting the yearly cross-connection survey.

Fire Hydrants

Dayton is ordering 3 fire hydrants to have on hand. The local fire department was given a grant and will be putting more in soon. The total is \$7,500 for 3 hydrants; they are each \$2,500.00.

Old Business:

Well Pump Testing: It was decided to try the pump testing in the Spring of 2019. Well can stay as is.

Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.

Filter Tech: Still working on solutions, will try UV Pilot testing probably in May or June 2019.

Easements: Dayton is talking to both parties for easements on Rimrock Rd and 2550 Rd. Both Parties have maps and information on exactly what USCDWUA wants to do.

Pipe Finder: Grand Mesa Conservancy District is still working on purchasing one. It was suggested that maybe USCDWUA should just purchase it and then let the others rent from USCDWUA. Dayton will talk to everyone.

Mobile Home Park: Application was withdrawn.

Bylaws: Attorney is working on them; will have something soon.

Meeting adjourned at 8:02 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
May 13, 2019

The meeting was called to order at 7:30 pm. Board members present were Deb Christner, Bryan Klaseen, Ellis Fritchman, Brad Stratman, Bill Elkins, Dennis Grunkemeyer, and Bob Halley. Also present was Dayton Myers, Amber McPherson, Yvonne Myers and Jack Myers. Myers left at 7:46 pm.

Minutes:

MOVED BY Bryan Klaseen to accept the April 8, 2019 Board Meeting Minutes as presented.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for April 2019.
MOVED BY Dennis Grunkemeyer to approve financial statements as is.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for April 2019. Gallons used for April 2019 was 690,424 gallons more than April 2018.

Easements:

Yvonne Myers and Jack Myers spoke with the board about granting an easement to USCDWUA so that the water line can be updated. The Easement would be for 30 feet construction and 20 feet permanent water line easement.

Michael Woods Property:

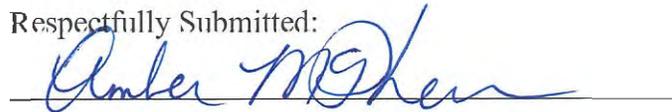
The parcels of property were discussed by the board.

Old Business:

Well Pump Testing: Dayton was going to talk to Wildcat Drilling and Pump to test.
Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.
Filter Tech: Still working on solutions; will try UV Pilot testing probably in May or June 2019.
Easements: It was determined that a letter from the lawyer needed to be sent for 2550 Rd. easement.
Pipe Finder: Dayton was going to look at USCDWUA purchasing the PVC Pipe Finder.
Bylaws: Attorney is working on them; will have something soon.

Meeting adjourned at 8:44 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

June 10, 2019

The meeting was called to order at 7:31 pm. Board members present were Deb Christner, Ellis Fritchman, Brad Stratman, Bill Elkins, Dennis Grunkemeyer, and Bob Halley. Bryan Klaseen was absent. Also present was Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the May 13, 2019 Board Meeting Minutes with was changed to were.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for May 2019.

MOVED BY Bob Halley to approve financial statements as is.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for May 2019. Gallons used for May 2019 was 3,000,000 gallons less than May 2018.

Bylaws:

Proposed Bylaws were glanced over. It was determined for everyone to review them more in depth and at the next meeting discuss further.

Old Business:

Well Pump Testing: Wildcat Drilling and Pump tested well. Still about 15-17 gallons per minute.

Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.

Filter Tech: Will try UV Pilot testing probably in May or June 2019; also has a drone tank cleaner.

Easements: Lawyer sent letter for 2550 Rd. Easement. Myers easement is moving forward.

Pipe Finder: Dayton is going to pursue purchasing the PVC Pipe Finder, roughly \$7,500.

Meeting adjourned at 8:25 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

July 8, 2019

The meeting was called to order at 7:30 pm. Board members present were Deb Christner, Ellis Fritchman, Brad Stratman, Bill Elkins, and Bob Halley. Bryan Klaseen and Dennis Grunkemeyer were absent. Also present was Dayton Myers, Amber McPherson, and Kacy Stillings.

Minutes:

MOVED BY Ellis Fritchman to accept the June 10, 2019 Board Meeting Minutes as presented.

SECONDED BY Bill Elkins

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for June 2019.

MOVED BY Bob Halley to approve financial statements as is.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for June 2019. Gallons used for June 2019 was 2,000,000 gallons less than June 2018.

Purchasing Water for Taps:

USCDWUA has sold taps using the acre feet of water purchased last year. As people move into the area, it is difficult for them to supply the company an acre foot of water. It is easier for people to just reimburse the company for the water than try to purchase water separately. There is 1 share of Surface Creek Ditch and Reservoir for sale at \$22,000 which is 11-acre feet and will supply 11 taps.

MOVED BY Bill Elkins to purchase 1 share of Surface Creek Ditch and Reservoir for \$22,000.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Bylaws:

Proposed Bylaws were discussed and reviewed. Amber will go over revisions/suggestions with the attorney and get another copy to the BOD to look over.

BOD:

Kacy Stillings attended the meeting as a possible replacement for Ellis Fritchman. Kacy Stillings expressed to the Board she is willing to replace Ellis.

MOVED BY Bill Elkins to appoint Kacy Stillings as a Board of Director to fulfill Ellis Fritchman's term ending in December 2019.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Old Business:

Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.

Filter Tech: Will try UV Pilot testing soon; also has a drone tank cleaner.

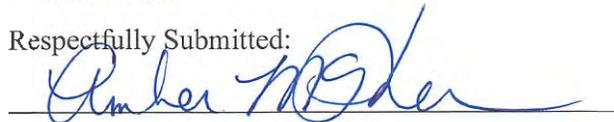
Easements: Lawyer sent letter for 2550 Rd. Easement. Myers easement is moving forward.

Pipe Finder: Dayton is going to pursue purchasing the PVC Pipe Finder, roughly \$7,500.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 9:02 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

August 12, 2019

The meeting was called to order at 7:05 pm at USCDWUA plant. Board members present were Deb Christner, Brad Stratman, Bob Halley, and Bryan Klaseen. Bill Elkins, Dennis Grunkemeyer, and Kacy Stillings were absent. Also present were Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Brad Stratman to accept the July 8, 2019 Board Meeting Minutes as presented.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for July 2019.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for July 2019. Gallons used for July 2019 was 800,000 gallons more than July 2018.

Rent Water to Members:

In the past, during good water years, USCDWUA has rent out water. There have been several inquiries this year; does USCDWUA want to rent water out?

MOVED BY Bryan Klaseen to rent water out this year.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Taps:

Property at 25186 Cedar Mesa Rd was discussed.

Old Business:

Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.

Bylaws: They are being worked on for next meeting

Filter Tech: Will try UV Pilot testing soon. Tank will be cleaned with a drone later this month.

Easements: Lawyer sent letter for 2550 Rd. Easement. Myers easement is moving forward.

Pipe Finder: Dayton is going to pursue purchasing the PVC Pipe Finder, roughly \$7,500.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:50 pm with no other business and tour of Plant.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
September 9, 2019

The meeting was called to order at 7:32 pm. Board members present were Deb Christner, Brad Stratman, Bob Halley, Bryan Klascen, Bill Elkins, Dennis Grunkemeyer, and Kacy Stillings arrived at 7:38 pm. Also present were Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Bill Elkins to accept the August 12 Board Meeting Minutes with corrections.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for July 2019.
MOVED BY Bryan Klascen to approve financial statements as is.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for August 2019. Gallons used for August 2019 was 2.2 gallons more than August 2018; which is normal usage.

Bylaws:

Bylaws were reviewed and it was also discussed that Articles of Incorporation also need to be updated to match Bylaws.

Personnel:

It was discussed that USCDWUA needs to be looking at younger operators to take over in a few years. Training needs to happen now not when everyone retires. USCDWUA needs to have employment contracts so that we don't invest in people and then they leave after they get training etc.

Old Business:

Alarm for Water Tanks: Mountain Peaks Control Systems is working on the telemetry to install.

Filter Tech: Will try UV Pilot testing before the end of October.

Easements: Grant Peterson is starting on Rimrock Rd and then will start on Q25 Rd

Pipe Finder: Dayton is going to pursue purchasing the PVC Pipe Finder, roughly \$7,500.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 8:55 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

October 14, 2019

The meeting was called to order at 6:29 pm. Board members present were Dennis Grunkemeyer, Brad Stratman, Bob Halley, and Bill Elkins; Deb Christner, Bryan Klaseen, and Kacy Stillings were absent. Also present were Dayton Myers, Amber McPherson. Mike Wood, Elaine Wood, and Glenda Bailey departed at 6:52 pm.

Minutes:

MOVED BY Bill Elkins to accept the September 9, 2019 Board Meeting Minutes.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for September 2019.

MOVED BY Bob Halley to approve financial statements as is.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for September 2019. Gallons used for September 2019 was 3,000,000 gallons more than September 2018.

Mike Wood Subdivision:

The subdivision was discussed with the board. It was determined the Woods need to put a 4" waterline to serve the lots that are currently for sale. The line can be done in increments with the understanding if the lots that are currently being farmed are to be developed the main waterline must be upgraded.

Old Business:

Alarm for Water Tanks: Mountain Peaks Control Systems has not done anything so will check with Filter Tech.

Filter Tech: Will try UV Pilot testing before the end of October.

ByLaws & Articles: Attorney promised to have them by November meeting.

Easements: Grant Peterson is starting on Rimrock Rd and then will start on Q25 Rd.

Pipe Finder: Dayton is going to pursue purchasing the PVC Pipe Finder, roughly \$7,500.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:14 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
November 11, 2019

The meeting was called to order at 6:36 pm. Board members present were Deb Christner, Dennis Grunkemeyer, Brad Stratman, Kacy Stillings, and Bill Elkins; Bryan Klaseen and Bob Halley were absent. Also present were Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the October 14, 2019 Board Meeting Minutes.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for October 2019.
MOVED BY Kacy Stillings to approve financial statements as is.
SECONDED BY Dennis Grunkemeyer
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for October 2019. Gallons used for October 2019 was about 2 million more gallons more than October 2018; leaks are being looked for.

2020 Budget

The preliminary budget for 2020 was discussed. The board will meet on Thursday December 5 to finalize for the annual meeting.

Bank Accounts

Kacy Stillings is going to look into what options are available to us when more than the insured amount is in one bank.

Old Business:

Alarm for Water Tanks: Mountain Peaks Control Systems has not done anything so will check with Filter Tech.

Filter Tech: Waiting on results of UV piolet test.

ByLaws & Articles: Are posted on website and copies will be available at the meeting.

Easements: Work has begun on Cedar Mesa Rd in Dry Creek.

Pipe Finder: Dayton is going to pursue purchasing the PVC Pipe Finder, roughly \$7,500.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:40 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
December 5, 2019

The meeting was called to order at 6:35 pm. Board members present were Deb Christner, Dennis Grunkemeyer, Brad Stratman, Kacy Stillings, Bryan Klaseen, Bob Halley, and Bill Elkins. Also present were Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the November 11, 2019 Board Meeting Minutes.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for November 2019.
MOVED BY Kacy Stillings to approve financial statements as is.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for November 2019. Gallons used for November 2019 was about 2 million more gallons more than November 2018. There is a leak that we are still looking for.

2020 Budget

The Budget for 2020 was discussed and agreed to present as is at the Annual Meeting.

Restated Bylaws and Articles of Incorporation

The Board reviewed and discussed the final Restated Bylaws and Articles of Incorporation to present at the Annual Meeting.

Calendar for 2020

Meeting dates were discussed for the upcoming year. 1st official scheduled Board meeting will be March 9, 2020. A meeting can be scheduled if something comes up.

Old Business:

Alarm for Water Tanks: Mountain Peaks Control Systems quoted \$7,000; waiting on quote from Filter Tech. Filter Tech. The UV Piolet Testing did not help; it increased the HAA5 from the raw water.

Cedar Mesa/Dry Creek: Work is being finished on Cedar Mesa Rd. in Dry Creek.

Pipe Finder: Dayton will contact people who have the Pipe Finder and if it has good reviews will go ahead and purchase it.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Special Session: The Board went into a special session, Dayton and Amber stepped out.

Meeting adjourned at 7:55pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting
December 10, 2019

The meeting was called to order at 7:59 pm. Board members present were Deb Christner, Bryan Klaseen, Kacy Stillings, Brad Stratman, Dennis Grunkemeyer, Bill Elkins, and Bob Halley. Also present was Amber McPherson; Dayton Myers was tardy.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the December 5, 2019 Board Meeting Minutes.
SECONDED BY Kacy Stillings
MOTION CARRIED with no opposing votes.

Election of Officers:

MOVED BY Bob Halley to keep existing officers the same; Deb Christner President, Dennis Grunkemeyer Vice President, and Amber McPherson Secretary/Treasurer.
SECONDED BY Bryan Klaseen
MOTION CARRIED with no opposing votes.

FDIC for Funds:

Kacy explained to the Board that Bank of Colorado has an arrangement with Raymond James Investments. Raymond James is insured up to \$1,000,000. USCDWUA would open an account with Raymond James and the money would go into a short-term CD and if money needed to be accessed would go back to the Bank of Colorado. The interest is higher than regular money market accounts and there are no fees associated with it unless money is withdrawn before maturity. Amber will look further into it.

Meeting adjourned at 8.21 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Special Meeting
February 13, 2020

The meeting was called to order at 6:30 pm. Board members present were Deb Christner, Kacy Stillings, Brad Stratman, Dennis Grunkemeyer, Bill Elkins, and Bob Halley; recused was Bryan Klaseen. Also present was Amber McPherson and Dayton Myers.

A special meeting was called to discuss the top four candidates of possible new employees and rank them according to resumes. After discussing it was determined to hire two new employees and the board gave their recommendation on the top two candidates.

Meeting adjourned at 7:25 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

March 9, 2020

The meeting was called to order at 6:33 pm. Board members present were Deb Christner, Brad Stratman, Dennis Grunkemeyer, Bill Elkins, Bryan Klaseen, and Bob Halley; absent was Kacy Stillings. Also present was Amber McPherson, Dayton Myers, Ken Besel, Rita Trninich, Bruce Journey, and Brian McPherson arrived at 6:40 pm. Rita Trninich, Bruce Journey, and Brian McPherson left at 7:00 pm.

Minutes:

MOVED BY Dennis Grunkemeyer to accept the December 10, 2019 Board Meeting Minutes.

SECONDED BY Brad Stratman

MOTION CARRIED with no opposing votes.

MOVED BY Bob Halley to accept the February 13, 2020 Special Meeting Minutes.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for December 2019.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

The Financial Reports were reviewed and discussed for January 2020.

MOVED BY Brad Stratman to approve financial statements as is.

SECONDED BY Bryan Klaseen

MOTION CARRIED with no opposing votes.

The Financial Reports were reviewed and discussed for February 2020.

MOVED BY Bryan Klaseen to approve financial statements as is.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for December 2019, January 2020, and February 2020. Gallons used for December 2019, January 2020, and February 2020 is still 2,000,000 more than it should be. Some leaks have been repaired but there is a big leak we are still looking for.

Lone Pine Board:

The Lone Pine Board met with the BOD to talk about turning over the winter decree to USCDWUA so it would be on record of being used each year. It was decided the Lone Pine BOD and USCDWUA BOD need to meet with Colorado Division of Water Resources to find out more information of the feasibility of this.

Updating SCUs at the Plant:

Signal Condition Units control the Chlorine going into systems. Ours are 15 years old and are beginning to be unreliable. To update them it would be about \$2,165 each for a total of about \$8,000.

MOVED BY Dennis Grunkemeyer to update the SCUs at the plant.

SECONDED BY Bob Halley

MOTION CARRIED with no opposing votes.

Move Reserve Funds to Raymond James:

MOVED BY Bob Halley to move Reserve Funds of \$240,000 to Raymond James to be divided equally into 3-\$80,000.00 CDS one for 3 months, one for 6 months, and one for 12 months.

SECONDED BY Dennis Grunkemeyer

MOTION CARRIED with no opposing votes.

Election of Board Members:

Dennis Grunkemeyer resigned from the Board of USCDWUA effective immediately.
MOVED BY Bryan Klaseen to accept Ken Besel to fulfill the rest of Dennis Grunkemeyer’s term as a Board Member of USCDWUA
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

Election of Officers:

MOVED BY Bryan Klaseen to keep Deb Christner President, Amber McPherson Secretary/Treasurer and to appoint Kacy Stillings as Vice President.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

Bank Accounts:

MOVED BY Bryan Klaseen to replace Dennis Grunkemeyer with Kacy Stillings and to leave Deb Christner and Amber McPherson on the US Bank checking and savings accounts, and Bank of Colorado account.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes

PVC Pipe Finder:

USCDWUA purchased the PVC Pipe Finder in December 2019 and it works well. We will let the other companies know that we have it available and can locate their PVC pipes for a fee.

New Hires:

The new hires began on March 2, 2020 and seem to be doing well.

Old Business:

Water Line Replacement: Still ongoing.

Alarm for Water Tanks: Mountain Peaks Control Systems quoted \$7,000; waiting on quote from Filter Tech.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:56pm with no other business.

Respectfully Submitted:

Amber McPherson, Secretary-Treasurer



UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting (Telephone Conference)
April 13, 2020

The telephone conference was called to order at 6:35 pm. Board members present were Deb Christner, Brad Stratman, Ken Besel, Bill Elkins, Bryan Klaseen, Bob Halley, and Kacy Stillings. Also present was Amber McPherson and Dayton Myers.

Minutes:

MOVED BY Bill Elkins to accept the March 9, 2020 Board Meeting Minutes.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for March 2020.
MOVED BY Bryan Klaseen to approve financial statements as is.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for March 2020. Gallons used for March 2020 is still more than it should be. Meters will be read this month to see if it went through a tap and Dayton thinks there is still a leak somewhere.

COVID 19:

USCDWUA is an essential service so we are following Federal, State, and County guidelines according to CDPHE. Office is closed to the public only employees allowed in. New Hires are studying at home when not at work and once everything reopens should be ready to take tests.

Old Business:

Water Line Replacement: Still ongoing.

Alarm for Water Tanks: Mountain Peaks Control Systems quoted \$7,000; waiting on written quotes from Mountain Peaks Control Systems and Filter Tech.

Projects for this year. Look at new Air Compressors for the plant and maintenance on system that has not been done.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 6:55 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting (Telephone Conference)
May 11, 2020

The telephone conference was called to order at 6:31 pm. Board members present were Deb Christner, Brad Stratman, Ken Besel, Bill Elkins, Bob Halley, and Kacy Stillings. Bryan Klaseen was tardy at 6:36 pm. Also present was Amber McPherson and Dayton Myers.

Minutes:

MOVED BY Brad Stratman to accept the April 13, 2020 Board Meeting Minutes.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for April 2020.
MOVED BY Bob Halley to approve financial statements as is.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for April 2020. Gallons used for April 2020 was 2 million more gallons than April 2019. Factors include drier spring, lots of leaks were found when meters were read in April, and a couple of main line leaks.

COVID 19:

USCDWUA is an essential service so we are following Federal, State, and County guidelines according to CDPHE. Office is closed to the public only employees allowed in. On May 18, water operators will begin working full time again.

Cell Phones:

The new hires asked about a cell phone credit instead of transferring their numbers to USCDWUA Verizon account. It was determined this would be a good option. The credit will be \$30 a month which is what we currently pay with the Verizon Account.

Sanitary Survey:

Dayton and Amber got notification Mid-March that USCDWUA was due for a Sanitary Survey by the State. Dayton is preparing to get all the information together they requested.

Old Business:

Water Line Replacement: Looking at using county right of ways for line replacements.

Alarm for Water Tanks: Mountain Peaks Control Systems quoted \$7,000; waiting on written quotes from Mountain Peaks Control Systems and Filter Tech.

Projects for this year: Look at new Air Compressors for the plant and ground maintenance on water system.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:09 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting (Zoom Meeting)
June 8, 2020

The telephone conference was called to order at 6:32 pm. Board members present were Deb Christner, Brad Stratman, Ken Besel, Bob Halley, and Bryan Klaseen. Absent was Bill Elkins and Kacy Stillings. Also present was Dayton Myers and Sue and Dave Whittlesey. Amber McPherson was tardy at 6:40 pm.

Minutes:

MOVED BY Brad Stratman to accept the May 11, 2020 Board Meeting Minutes.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for May 2020.
MOVED BY Ken Besel to approve financial statements as is.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for May 2020. Snow was melted by the 1st week of March this year. We are treating less than 500,000 gallons a day, which is normal summertime usage.

Well Permit:

Sue and Dave Whittlesey presented 2 applications for livestock wells to the Board of Directors. They meet the state requirements for a livestock well. Dayton will meet with the Whittleseys at a future date and report to the board by email if he thought there were any concerns that needed to be addressed. On July 2, 2020 an email was sent to all the board members stating Dayton had no objection to the wells and due to the large distance between the wells and the domestic water system, a backflow preventer is not required at this time. On July 6, 2020 the motion was ratified by the board by email.
MOVED BY Bill Elkins to not object to the well permits for Dave and Sue Whittlesey at 27497 Buffalo Rd, Hotchkiss, CO and 27512 North Rd, Hotchkiss, CO
SECONDED BY Ken Besel
MOTION CARRIED with 1 abstaining vote.

Endless Sky Subdivision:

Since we are putting in the tap for the new lot, Dayton recommended USCDWUA put in a new line from Pine Ridge Subdivision across the property since the county has plans to change the road there and connect back to Cedar Mesa Rd. It is estimated to be about 1,400 feet.

Diamond Maps:

The map that we currently have is not accessible to people out in the field and is not designed for multiple users. Nor is it automatically updated by Google Earth. There is a company called Diamond Maps that uses UBMAX to place meters on the map using GPS Coordinates. It is a \$32 a month service to use but will make it easier for the operators to access out in the field.
MOVED BY Bryan Klaseen to go ahead with switching over to Diamond Maps
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

Module Filter:

One of the module filters split open on the Pall filter system. Dayton is in the process of ordering the replacement. It will be about \$3,000-\$3,500 for a new one; if it looks like the price is higher than quoted, Dayton will contact the board. It was suggested that perhaps we can get a quote on replacing the whole unit as well.

Old Business:

Water Line Replacement: Looking at using county right of ways for Q25 and Rimrock Rd. line replacements.

Alarm for Water Tanks: Mountain Peaks Control Systems quoted \$7,000; waiting on written quote from Filter Tech.

Sanitary Survey: USCDWUA is due for a Sanitary Survey by the state before September 2020.

COVID 19: Due to the Delta County Health Department requirements to open to the public it has been determined to keep the office closed to the public until those requirements are eased up.

Projects for this year: Look at new Air Compressors for the plant and ground maintenance on water system.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7.15 pm with no other business.



Respectfully Submitted:

A handwritten signature in blue ink that reads "Amber McPherson".

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting (Telephone Conference)
July 13, 2020

The telephone conference was called to order at 6:32 pm. Board members present were Deb Christner, Ken Besel, Bob Halley, Bryan Klaseen, Bill Elkins, and Kacy Stillings. Absent Brad Stratman. Also present was Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Bryan Klaseen to accept the June 8, 2020 Board Meeting Minutes with an amendment to the well permit.
SECONDED BY Ken Besel
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for June 2020.
MOVED BY Bryan Klaseen to approve financial statements as is.
SECONDED BY Bob Halley
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for June 2020. Water usage is high due to so many people at home and the drought we are in, but we have fixed a couple of leaks.

Well Permit:

Well permits in the future were discussed by the board. The possibility that over time the wells would dry up and not be able to provide. It is just something to be aware of for the future.

Annual Meeting:

It was determined we would try to hold the Annual Meeting at the Grand Mesa Arts Center again this year. It is a bigger space and if COVID-19 restrictions are still in place we will be able to accommodate.

Meter Readings:

Concern was brought up possible leaks are not being caught before the monthly bills are being sent out. The procedure is meters are read, then they are put into the computer once all the meters are read, then a high usage report is generated and then a reread list is created. The meter readers go back to reread and if they do not report a possible leak it is hard to catch. Dayton will let everyone know when they read meters, they need to be looking for leaks.

Old Business:

Water Line Replacement: Looking at using county right of ways for Q25 and Rimrock Rd. line replacements.

Alarm for Water Tanks: Mountain Peaks Control Systems quoted \$9,650; we received the Filter Tech quote but need to compare to make sure they are equal.

Sanitary Survey: USCDWUA is due for a Sanitary Survey by the state before September 2020.

COVID 19: Due to the Delta County Health Department requirements to open to the public it has been determined to keep the office closed to the public until those requirements are eased up.

Projects for this year. Look at new Air Compressors for the plant and ground maintenance on water system.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:26 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting (Telephone Conference)
August 10, 2020

The telephone conference was called to order at 6:32 pm. Board members present were Deb Christner, Brad Stratman, Bob Halley, Bryan Klaseen, Bill Elkins, and Kacy Stillings. Absent Ken Besel. Also present was Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Kacy Stillings to accept the July 13, 2020 Board Meeting Minutes.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes

Financial Report:

The Financial Reports were reviewed and discussed for July 2020. The replacement module for the Pall filter total was \$2,300.00 with shipping.
MOVED BY Bryan Klaseen to approve financial statements as is.
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for July 2020. Gallons used was significantly less than it had been due to leaks being repaired.

Water for Taps:

USCDWUA was contacted by a lady who wants to sell 31 shares of Leon Lake Ditch & Reservoir. Leon Lake gives one-acre foot of water for 2.5 shares. We need water for new taps, and this is a good one to have. It was determined to offer \$2,000 an acre foot which is \$24,800.
MOVED BY Bryan Klaseen to make an offer of \$2,000 an acre foot for a total of \$24,800.00
SECONDED BY Brad Stratman
MOTION CARRIED with no opposing votes.

Ford 350 Truck:

Dayton brought up the 2001 Ford is going to need some serious work, including a transmission, soon. It really is not worth putting money into it. It was determined to start looking for a used truck to replace it.

Old Business:

Water Line Replacement: 2550 Rd line replacement will start in September. Rimrock Rd. Easement is 40' from center line; 20ft on each side. Dayton wants to explore plowing a 2" line 3ft deep to get rid of some of the steel line. USCDWUA will not be able to get rid of all the galvanized but a good part of it; start would be October or November.

Alarm for Water Tanks: It was determined to go with Mountain Peak Control quote for the water tank alarms. Mountain Peak Control quote was significantly less than Filter Tech.

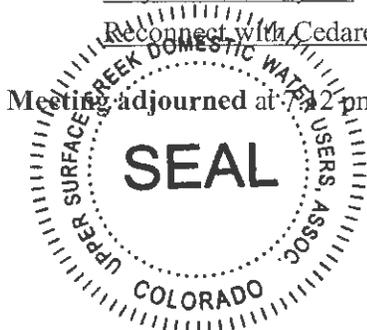
Sanitary Survey: USCDWUA Sanitary Survey is scheduled for August 20.

COVID 19: Due to the Delta County Health Department requirements to open to the public it has been determined to keep the office closed to the public until those requirements are eased up.

Projects for this year: Look at new Air Compressors for the plant and ground maintenance on water system.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:42 pm with no other business.



Respectfully Submitted:

Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION
Board of Directors Meeting (Telephone Conference)
September 14, 2020

The telephone conference was called to order at 6:31 pm. Board members present were Deb Christner, Brad Stratman, Bob Halley, Bill Elkins, and Ken Besel. Absent was Bryan Klaseen and Kacy Stillings. Also present was Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Bob Halley to accept the August 10, 2020 Board Meeting Minutes.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for August 2020.
MOVED BY Brad Stratman to approve financial statements as is.
SECONDED BY Bill Elkins
MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for August 2020. More leaks were repaired from mostly old glue joints failing and usage is down below summer average.

Sanitary Survey:

The Sanitary Survey was completed in August and went well. There were only 3 recommendations and results were posted on the website.

Divers for Main Tank:

Dayton informed the board that Divers had to be brought in on August 13, 2020 because the Clearwell intake valve was floating.

October Meeting:

The October meeting will be in person due to it being a budget meeting; social distancing will be observed.

Personnel:

Jed and Kurt both have Class D Water Operator Certificates and Class 1 Water Distribution Certificates.

Old Business:

Water Line Replacement: 2550 Rd line replacement will start in September as soon as parts are in. Rimrock Rd. Easement is 40' from center line; 20ft on each side; not much room to put in a new line. USCDWUA will not be able to get rid of all the galvanized but a good part of it; start would be October or November.

Alarm for Water Tanks: Mountain Peak Control should start installing tank alarms sometime this month.

COVID 19: Due to the Delta County Health Department requirements to open to the public it has been determined to keep the office closed to the public until those requirements are eased up.

Projects for this year: Ground maintenance on water system, replace doors and windows at the office.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:08 pm with no other business.

Respectfully Submitted:





Amber McPherson, Secretary-Treasurer

UPPER SURFACE CREEK DOMESTIC
WATER USERS ASSOCIATION

Board of Directors Meeting

October 19, 2020

The meeting was called to order at 6:36 pm. Board members present were Deb Christner, Brad Stratman, Bill Elkins, and Bob Halley by telephone. Absent was Bryan Klaseen, Ken Besel, and Kacy Stillings. Also present was Dayton Myers and Amber McPherson.

Minutes:

MOVED BY Brad Stratman to accept the September 14, 2020 Board Meeting Minutes.

SECONDED BY Bill Elkins

MOTION CARRIED with no opposing votes.

Financial Report:

The Financial Reports were reviewed and discussed for September 2020.

MOVED BY Brad Stratman to approve financial statements as is.

SECONDED BY Bill Elkins

MOTION CARRIED with no opposing votes.

EOM Report:

The End of Month report data was received for September 2020. Usage was down from 2019; lots of leaks were found and repaired over the summer.

Campground:

It was brought to the attention of the Board there is a campground on Redlands Mesa on our water system. It was determined at this point it was not an issue. However, it brought up the subject of looking into commercial taps for the future.

Annual Meeting:

Due to COVID 19 restrictions, risk, etc., it was determined that we need to investigate cancelling the Annual Meeting for 2020. Amber will contact the attorney to find out how we need to proceed.

Budget for 2021:

The Budget for 2021 was discussed.

Old Business:

Water Line Replacement: 2550 Rd line replacement will start as soon as parts are in. Rimrock Rd. Dayton is going to skirt along the old pipe with new pipe along the county right of way to fix the water quality issues.

Alarm for Water Tanks: Mountain Peak Control finished installing the alarms for the tanks.

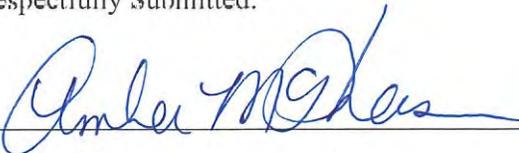
COVID 19: Due to the Delta County Health Department requirements to open to the public it has been determined to keep the office closed to the public until those requirements are eased up.

Projects for this year: Ground maintenance on water system, replace doors and windows at the office.

Reconnect with Cedaredge: Dayton is working with Greg to get a reconnection for Emergencies.

Meeting adjourned at 7:45 pm with no other business.

Respectfully Submitted:



Amber McPherson, Secretary-Treasurer

