

Pagosa Area Geothermal Water and Power Authority
Board of Directors Meeting Minutes
August 11, 2014, 5:30 p.m.
Town Hall Chambers
551 Hot Springs Blvd.

- A.Call to Order – Don Volger, Steve Wadley, Clifford Lucero, David Schanzenbaker, Michael Whiting (Absent John Egan) Staff Members – Todd Starr, Greg Schulte, Bentley Henderson
- B.Administrative Formation Update – DOLA, Jerrod Biggs, requested a DUNS and FEIN number for the Authority as well as cataloging of the minutes. The Authority documentation and filing for a DUNS and FEIN number have begun.
- C.Financial Formation Update - The Town will be the depository of the minutes, the County will be the fiscal agent, and the meetings will alternate between the Town and County buildings. The board will need to adopt a budget for the last half of 2014 and a full 2015 budget which will be presented to the board by staff. Ken Charles from

DOLA requested a letter be sent to Reese Brown, DOLA representative, requesting the grant name be changed to the Authority name. Legal counsel for the Authority can be worked out to avoid a conflict with help from both Todd Starr and Bob Cole. Seed money to pay for publications, etc. may be necessary to get the Authority running. The legal fees will be paid by respective entities rather than by the Authority. An example of budget revenue may be an equal amount from the two entities and expenditures for items. Cirsa will not cover the Authority, CTSI may be an option for E&O coverage, staff will query.

D.Update on Recruitment of 7th Board Member ► - Steve Wadley moved to appoint Mike Alley as the 7th member to the Authority board, Don Volger seconded, motion passed with one nay (Michael Whiting).

E.Update on DOLA Grant and Implications for Pagosa Waters, L.L.C. Agreement ► - The DOLA grant cannot be passed through. Staff is working to have the grant name changed to the Authority name which will allow the funds to be passed on to the LLC. Mr. Henderson said that Mr. Mike Reynolds, from DOLA, had told him the administrative side of the grant is not a project stopper. There is strong support for the grant from the Governors office, DOLA wants to confirm they are not doing anything that is outside their rules. The Authority will own 80% of the Pagosa Waters LLC. Another option to utilizing the grant funds might be to hire Pagosa Verde to manage the operations for the Authority rather than an operating agreement for the LLC. Accepting the grant funds from DOLA and funneling it forward to Pagosa Waters LLC is the issue that needs to be determined. There are many ways to move forward and staff is working on the best solution.

F.Appointment of Authority Board member to lease negotiation team ► - Pagosa Verdes, Jerry Smith is working on the lease with Fairway Trust (the Levines) regarding the property for drilling. This lease is between Pagosa Verde and Fairway Trust, not between the Authority. The lease will ultimately be assigned to Pagosa Waters LLC. Discussion continued regarding the issues the commissioners have with the original lease agreement. Todd Starr will send the Authority members a copy of the last draft of the lease along with brief notes on

the issues to discuss at the next meeting. An executive session of the Authority along with Jerry Smith and Fairway Trust is scheduled to be held August 19th at 7a.m. at the County Courthouse to discuss the negotiations of the lease. Don Volger moved to appoint Clifford Lucero as the negotiator representative, Michael Whiting seconded, unanimously approved.

G.Items of Mutual Interest – None. Meeting adjourned at 6:54pm.