

PAGOSA AREA GEOTHERMAL WATER AND POWER AUTHORITY

REGULAR MONTHLY MEETING MINUTES

Monday, April 18th, 2016 @ 5:00 p.m.

Town Hall

551 Hot Springs Blvd, Pagosa Springs, CO

- 1. Call To Order** - Chairman Lucero, Board Member Schanzenbaker, Board Member Volger, Board Member Wadley, Board Member Whiting, Board Member Alley (5:17pm)
- 2. Approval of March 14th Minutes** - Board Member Volger moved to approve, Board Member Whiting seconded, unanimously approved.
- 3. Update on Request to DOLA for Contract Amendments** - Town Manager Schulte explained the Authority requested an amendment the DOLA grant in order to allow for a 75/25% split, time extension, and advancement of the funds. Mr. Ken Charles with DOLA said the time extension is possible, the match could be approved at 50/50%, and they would not allow for advancement of the funds. The action taken by the Town Council and the County Commissioners are void since both boards had approved funding based on DOLA approving the amendment request. Mr. Jerry Smith said that in 2017 the DOE will fund projects in Colorado and he said according to the DOE this project is first choice. He suggests holding onto the DOLA extension offer. He is working on getting a test drilling project using micro-drilling technology with the GRG (Geothermal Resources Group) a private company, and the DOE. He said the GRG could drill a 4" hole bore 2,500 feet that is inexpensive and the DOE will pay for 80% because it is a test/demonstration project. He said a \$500,000 cost of well, if the DOE pays 80% and DOLA 50% it may be a small amount for the Authority. Mr. Smith said he will have a conference call next week with Eric Haas at the DOE regarding this demonstration drilling project. Mr. Levine has been contacted regarding a letter of abatement of the lease payment. Mr. Whiting said a test hole that could allow for direct use for greenhouse use is a change in direction of the project. Mr. Smith said the only way to get investors is to get to depth (2,500 ft) with sufficient heat and flow for direct use or power, this drilling may cost \$10,000 of Authority funds. Board Member Whiting moved to instruct staff to make modifications to DOLA contract extending grant, Whiting withdrew his motion. Board Member

Whiting moved to authorize chair to sign extension of contract until November 2017, Board Member Wadley seconded, unanimously approved. Board Member Whiting said the 75/25% split with DOLA was a threshold for risk capital. Board Member Wadley said costs should wait until the DOE comes through or another option is available. Mr. Marion Francis said the offer for the 50/50% is good to take now. Board Member Volger would like to know what the parameters of the 50/50% are as proposed by DOLA. He said the board should take the 50/50% match now and then ask to change later if needed. Staff will get clarification on the amount and bring the approval of the 50/50% back to the Authority at the next meeting. Board Member Whiting said that by stepping away from an 8" hole that can be used for direct use and changing to a 4" test hole, it changes the direction significantly. Board Member Wadley said the project was supported for jobs in the community. Staff will bring back clarification regarding the 50/50% split being specific to a certain project definition or just ongoing.

4. **Pagosa Waters Manager's Update** - Mr. Smith said he will know more about the Colorado program for exploration in June, He will know more about the parameters for test drilling next week. He sent a letter to Alan Levine to abate fees for an ongoing drilling project. The lease is \$5,000 per month to the Levine family. Mr. Kenny Levine said they are forgiving the lease payments and should be able to get that in writing from Mr. Alan Levine.
5. **Other Items of Mutual Interest** - None
6. **Adjourn** – Upon motion duly made, the meeting adjourned at 6:06pm.