

Pagosa Area Geothermal Water and Power Authority
January 12, 2015
Meeting Minutes

The meeting was called to order by Chairman Lucero at 5:31 pm, present were Chairman Lucero, and Board members Wadley, Volger, and Alley. Arriving at 5:45 Board member Egan. Absent were Board members Whiting and Schanzenbaker.

Staff present: Archuleta County Attorney Todd Starr, Town of Pagosa Springs, Town Manager Greg Schulte, and Archuleta County Administrator Bentley Henderson, Pagosa Verde staff included Jerry Smith, Kirsten Skeehan, and Mary Jo Coulehan.

1. Approval of Minutes

The minutes of the December 15, 2014 meeting were approved as presented by a motion from Volger with a second by Wadley.

2. Election of Officers

Per the PAGWAPA Agreement, on an annual basis, the Board is required to appoint officers of the Authority. Chairman Lucero stated that given the fact that three members of the Board (Board member Egan had not yet arrived) were not present he felt that the appointment of officers should wait and suggested tabling this item until the February meeting. Volger made a motion to that effect that was agreed upon by concession.

3. Establishment of Financial reporting protocols

Board member Wadley suggested that the reporting to the Board should essentially mirror typical governmental reporting standards, to include vendors, sources of revenues and uses of funds. The Board was advised by Starr that they needed to be clear in the fact that financial reporting for PAGWAPA will be done by the County since the Authority is a component unit of the County. And that the question before them is what type of reporting are they going to ask of their representative on the Pagosa Waters Board. Starr went on to advise the Board of the language in the operating agreement and the standards established therein.

A motion was made by Volger and seconded by Wadley that the Board would like to see on a monthly basis, a balance sheet, cash flow statement, and a brief narrative of the activities of Pagosa Waters. The Board concluded further that it recognized that this was a fluid situation and that the nature of the information required could change as well as the timing of the reports.

4. Update on drilling operations by Pagosa Verde

Pagosa Verrde staff provided information on drilling activites to date advising the Board that TG Well #1 was complete, and once the well had equilibrated, temperature gradients could be determined and additional analysis completed. Upon the completion of the drilling, core sampling exposed that the mancos shale layer extended much further down than was anticipated. Ultimately, the drilling pushed through the mancos and was into the entrada layer when it was determined to shut the well down.

The total budget for 6 holes was set at \$800,000 (\$133,333 per hole). TG Well #1, given primarily the introduction of excessive amounts of water has cost approximately \$265k (the equivalent of 2 holes).

The drillers have moved on to TG Well #3, and will be evaluating cuttings and core samples as they are available.

Ultimately it is anticipate that there will probably be a total of 4 TG Wells drilled.

5. Status of LLC

Attorney Starr advised the Board that the Pagosa Waters Operating Agreement is out and available for comment. Starr went on to state that since it has only been out for a short period of time he didn't know if the managing partner, Pagosa Verde (Jerry Smith) had problems with it. Mr. Smith indicated that he had done a cursory review and at this point was comfortable with the language in it. The Board agreed that given the urgency with which the Agreement needed to be dealt with, that a special meeting for its adoption was appropriate. The Board further agreed that any comments that anybody had needed to be back to Starr by early Thursday, January 15th, and that a special meeting would be held on January 21, 2015, at 5:30 pm, at the Archuleta County Administrative offices to ratify the Pagosa Waters Operating Agreement.

Lastly, Greg Schulte advised the Board that if they would like to offer a candidate to fill the 3rd board seat on the Pagosa Waters Board that they give that information directly to Board member Schanzenbaker for consideration.

6. Items of mutual interest

None

7. Adjourn

The meeting was adjourned at 6:48 pm.