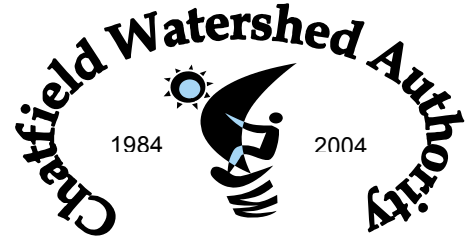


MEMORANDUM



Date: April 28, 2004
To: Chatfield Watershed Authority
From: Russell N. Clayshulte, Manager
Re: Adopted Legal Expenses Policy

The Authority adopts the follow legal expenses policy at the April 28, 2004 Authority Board meeting:

1. Legal expenses are an expected and necessary part of the Chatfield Watershed Authority management program.
2. The Authority expects to pay those necessary legal expenses on an as needed basis when they occur. This may require from time-to-time an additional assessment of the membership to cover these necessary expenses.
3. Generally, legal expenses are subject to a vote of the membership at any regular Authority meeting. However the co-chairs are authorized to approve legal expenses, not to exceed \$3,000, on an emergency basis.
4. Legal expenses are task based, which requires a statement from legal services on estimated cost of service for a task defined by the Authority before authorization is given by the Authority to proceed. Legal expenses are invoiced to the Authority and subject to Authority approval at any regular meeting of the Authority.
5. The annual budget of the Authority lists a line item legal expense of \$5,000/ year. A budget amendment approved by the Authority Board at a regular Authority meeting is required to increase the annual legal budget.