

**MINUTES OF THE BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
DENVER SOUTHEAST SUBURBAN WATER
AND SANITATION DISTRICT**

A regular meeting of the Board of Directors of the Denver Southeast Suburban Water and Sanitation District was held on Wednesday, February 8, 2012 at the main office, the time and place of the meeting according to the posted notices. Present were Robert Chapman, David Eyre, Heidi Tackett and Rod Bergholm. Also present were District Manager Charlie Krogh, District General Counsel-Jim Folkestad, District Accountant-Kevin Collins, and District staff-Bill Morgan and Susan Saint Vincent. Excused: Director Walter Partridge.

Chairman Robert Chapman called the meeting to order at 6:10PM and established the presence of a quorum. At Chairman Chapman's request Ms. Saint Vincent recorded minutes.

Minutes for the January 11, 2012 Regular Board Meeting were read and approved.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None

DIRECTOR'S BUSINESS

- Director Eyre suggested that due to Director Partridge's absence at the meeting, he was eligible to sign documents as Assistant Secretary for the Board. On a motion made by Chairman Chapman, and seconded by Director Bergholm, Director Eyre was approved unanimously by the Board to sign all documents as needed.

ITEMS FOR BOARD ACTION AND DISCUSSION

CONSIDERATION of WELL I CONSTRUCTION CONTRACT

Background on the November 2011 drilling and testing of Lower Dawson Well I was provided by Mr. Krogh, as well as the bidding process by Dewberry Engineers (formerly Integra). The bid includes site improvements, electrical/control panel, meter vault, down-well pump, motor and associated equipment. Bids were received and reviewed following the February 1st due date. A summary of the bids was provided to the Directors for review, and staff recommended contracting with Aslan Construction, at a cost to include a five percent contingency. Discussion ensued regarding the tested pumping capacity of the well in relation to

other District wells. In addition, Mr. Krogh provided a summary of the available well sites under the District's original augmentation plan, which may/may not be drilled at a future time, as well as the concept of "fracking" water wells in anticipation of increased productivity.

A motion was made to authorize an expenditure of up to \$203,000 for the scope of work provided in the Lower Dawson Well I Project contract documents. Additionally, the motion included authorization for the District Manager to enter into an agreement with Aslan Construction for the Well I Site construction and equipment installation.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor, 4-0.

CONSIDERATION of P.S. 5 CONTROL PANEL & PROGRAMMING CONTRACT

A proposal from Golder Associates was provided for the Board's consideration including various hardware, radio and programming upgrades for the control panel at Pump Station 5. It was noted that the upgrades are necessary to accommodate Wells I (Lower Dawson), H and A-16, which are anticipated to be brought on-line later in 2012. In addition, modifications are being made to the control panel face to allow for the future addition of two booster pumps at Pump Station 5 and programming of the PLC (Programmable Logic Control) are included in the work. A detailed cost breakdown was provided.

A motion was made to authorize an expenditure of up to \$22,000 for the work described in the proposal provided by Golder Associates, including a \$700 contingency for any hardware components that were overlooked in Golder's proposal. Additionally, the motion provided authorization for the District Manager to enter into an agreement with Golder Associates for the proposal, entitled "Ethernet PLC Upgrade of Pump Station 5".

Motion: David Eyre

Second: Rod Bergholm

Vote: All Directors present voted in favor, 4-0.

CONSIDERATION of PROPOSAL FOR GROUNDWATER MONITORING DATA MANAGEMENT

CH2M Hill has been doing data management for the groundwater monitoring that the District tracks for multiple years. The scope of work included in the provided proposal is identical to the scope CH2M Hill performed for the District in 2011. Mr. Folkestad has reviewed and approves of the contractual terms as stated. It was noted that this work is separate from the regular reporting that the District regularly provides to the State.

Following discussion, a motion was entered to approve the proposal provided by CH2M Hill in an amount not to exceed \$6,446 and to authorize the District Manager to sign the proposed contract on behalf of the District.

Motion: David Eyre

Second: Rod Bergholm

Vote: All Directors present voted in favor, 4-0.

DISCUSSION OF CELL TOWER LEASE

The District has been approached by Reliant Land Services (RLS) regarding the construction of a cell tower at the District's Reservoir 7 site. RLS is working for Skyway Towers LLC with whom the District would negotiate a lease. The ultimate end user of the tower would be AT&T. The Manager provided details regarding the requested site, building specifications, and company information regarding Skyway Towers LLC. Following discussion, the Directors expressed interest in having Mr. Krogh move forward with discussions with Skyway Towers LLC. In addition, they requested that the Manager keep the Board updated on the status of the project as discussions proceed.

ATTORNEY'S REPORT

District Legal Counsel Jim Folkestad provided a memorandum to the Board summarizing a list of matters that his firm is currently working on, on behalf of the District. Mr. Folkestad stated that he had no formal report outside of what was included in the letter.

Director Eyre asked for Mr. Folkestad's personal opinion regarding the Town of Castle Rock's possible participation in the WISE program. Discussion ensued regarding the various participants who are currently under consideration for the Town's future water supplier and possible dates that the Council plans to make a determination.

ACCOUNTANT'S REPORT

Accountant Kevin Collins of CliftonLarsonAllen, LLP presented the District's Financial Statements as of December 2011. Additionally, Mr. Collins provided a detailed comparison of yearend actual expenses to budget, providing explanations for variances. He stated that adjustments will be made as necessary for incoming 2011 invoices yet to be processed, in addition to adjustments that are yet to be made for R&M expenses that will be posted to capital. The annual audit is currently scheduled for April 2012.

Following discussion, a motion was entered to accept the yearend accounting report as currently stated by the District's Accountant, CliftonLarsonAllen, LLP.

Motion: Robert Chapman

Second: David Eyre

Vote: All Directors present voted in favor, 4-0.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of February 2012. A motion was then entered to issue checks as written in the amount of \$316,593.54 and the Interim Report in the amount of \$33,176.26.

Motion: Rod Bergholm

Second: David Eyre

Vote: All Directors present voted in favor, 4-0.

DISTRICT MANAGER'S REPORT

Mr. Krogh provided a written summary of updates on various projects that the District is currently working on, including:

- The sewer lining work in the District is complete and will be included in the 2011 financials.
- Cleaning and installation of the drop pipe and pump on Well N is planned to begin in the next week.
- The District's rate consultant provided a memorandum regarding a District customer's inquiry about the impact of revenue as it relates to the upcoming change to monthly billing. It was stated that the District has received numerous, positive comments from customers regarding this change. The first monthly bills will be mailed toward the end of February. Following discussion, Mr. Krogh was directed by the Board to respond to the customer's letter appropriately.
- Regarding WISE, more members have signed the WISE Cost Sharing Agreement and the next meeting of participants is planned for February 27th. The near term focus of the group is the ECCV pipeline and the alternative analysis that should be complete in March. Director Tackett requested that she be notified of the time/date for the next scheduled WISE meeting as she would like to attend.

- An initial meeting of the CCAMP (Cherry Creek Alluvial Modeling Project) participants is being scheduled to review the scope of work and determine how the costs will be split among the participants. At a future Board meeting, the Board will be asked to approve our participation in this next phase of the Cherry Creek modeling. The results of the CCAMP model will be used to resolve water rights disputes along Cherry Creek and to help the various water providers on the creek to operate cooperatively and ultimately more efficiently.
- An employee was driving a District truck during the recent snow storm and was hit on Parker Road. No one was hurt, but the accident was severe enough that the air bags deployed on both vehicles involved; both vehicles were also towed off site. Staff is working through the insurance and police reports.
- An update was provided regarding the water meter replacement project. Mr. Krogh stated that staff will be coming before the Board in March to request that the remaining water meters be considered for purchase; it is anticipated that all meters will be replaced in approximately 6-8 months.
- Self-Nomination forms for the upcoming May election are available and have been distributed as requested. Completed forms must be returned to the District on or before March 2, 2012.
- Mr. Krogh is currently scheduling a meeting with Morgan Stanley to discuss investment options for the District. Included in the meeting will be Directors Bergholm and Partridge, Mr. Krogh and Accountant Kevin Collins.
- A map showing the preferred route for a Well H pipeline was provided for review and discussion. The District is working with the Pinery West Metropolitan District regarding two areas where the pipeline will cross property owned by the PWMD.
- An updated snowpack report was distributed depicting levels that parallel 2002. In addition, an annual Denver Basin information report was provided for discussion at a future meeting of the Board.

EXECUTIVE SESSION:

At 8:02PM, a motion was made by Chairman Chapman and seconded by Director Eyre to enter into Executive Session pursuant to §24-6-402 (4) (b) to hold a conference with the attorney for the District for the purpose of receiving legal advice on specific legal questions.

At 8:25PM, a motion was made by Director Eyre and seconded by Chairman Chapman to exit the Executive Session. For the record, Mr. Folkestad stated that no action was taken by the Board during the Executive Session.

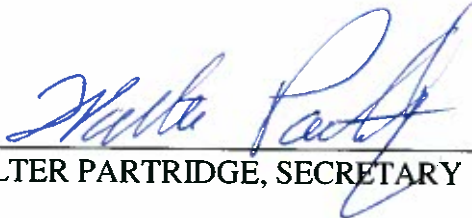
Staff received direction from the Board to include discussion of the memorandum from Red Oak Consulting, the District's rate consultant, regarding water budget rate structures on the March agenda.

There being no further business to come before the Board, Chairman Robert Chapman closed the meeting on Wednesday, February 8, 2012 at 8:38PM.



ROBERT W. CHAPMAN, CHAIRMAN OF THE
BOARD OF DIRECTORS, DENVER SOUTHEAST
SUBURBAN WATER & SANITATION DISTRICT

ATTEST:



WALTER PARTRIDGE, SECRETARY