

**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, May 9, 2012 at the main office, the time and place of the meeting according to the posted notices. Present were Chairman Robert Chapman, and Directors Walt Partridge, Heidi Tackett, Rod Bergholm and Director Elect Robert Greene. 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. Pinery resident Ed Bishop was in attendance for the “public comment” portion of the meeting.

Chairman Robert Chapman called the meeting to order at 6:05PM and established the presence of a quorum. At Chairman Chapman’s request Ms. Saint Vincent recorded minutes.

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

OATH OF OFFICE

The oath of office was administered by Chairman Chapman, and the appropriate State of Colorado forms were signed and notarized for Directors Robert T. Greene, Heidi A. Tackett and Rodney H. Bergholm.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Ed Bishop of 6225 N. Belmont, Parker, CO 80134 expressed his concerns regarding the District’s recent change from bi-monthly to monthly billing. He requested that the new due dates for payments be changed to the end of each month, coinciding with the arrival of Social Security checks. Additionally, he was concerned that by going to monthly billing, the District has doubled their paperwork and general expenses. Mr. Bishop noted that he attempted to communicate with the District through the website, but was unable to locate a form online. In response, Mr. Krogh discussed the process of setting due dates each month and provided information regarding the District’s reasons for making the change. Staff was asked to review the process of setting the due date each month. Director Greene suggested that Mr. Bishop consider using the ACH option for making his monthly.

DIRECTOR’S BUSINESS

Regarding the Special District Association conference this year, Chairman Chapman encouraged all Directors to attend, but also stated that he feels that it should be a united decision for either “all” or “none” of the Directors to participate. The conference is scheduled for September 19-21, 2012.

ITEMS FOR BOARD ACTION AND DISCUSSION

2011 AUDIT

The 2011 District Audit Report was provided to the Directors for review and discussion. Director Bergholm and Mr. Krogh met with Auditor Paul Goedecke recently to review the audit in detail. Mr. Goedecke provided a “clean” opinion. The report provided includes financial statements, a summary of Intergovernmental Agreements, contracts and continuing disclosures. Mr. Krogh added that Mr. Goedecke spends multiple days in the District offices reviewing payables, payroll information and minutes; as well as touring capital project sites and meeting with the staff. Director Bergholm stated that he asked several questions during the audit review and feels that it is a valuable and well written report.

A motion was made to accept the 2011 audit report as presented and directed staff to file reports appropriately.

*Motion: Walter Partridge
Second: Robert Greene
Vote: All Directors present voted in favor, 5-0.*

PROPOSAL FOR AUDIT SERVICES 2012-14

A proposal from Auditor Paul Goedecke was provided for the Board’s consideration for professional services to conduct the annual District audit for years 2012-2014. The annual cost is \$9,250 for 2012, \$9,750 for 2013, and \$10,250 for 2014. Director Bergholm stated that in his perspective, the “pro” of continuing to contract with Mr. Goedecke included that he is very familiar with what is going on in the District. However, he cautioned that we also don’t want anyone to get too familiar and that at some point it may be good to have a fresh set of eyes looking at reports, financials, etc.

Director Greene expressed that he is comfortable with Mr. Goedecke’s work, but questions the charges; if the contract states that the expense is “up to” an amount, why the invoice is always the full amount. Director Greene suggested that the Board postpone approving this contract at this time.

Mr. Krogh interjected that the proposal was unsolicited, and that the District had just completed a previous three year contract. Compared to others audit fees that Mr. Krogh is aware of, Mr. Goedecke’s prices have shown to be competitive.

A motion was made to approve a one year agreement with Paul Goedecke for the 2012 audit at a cost not to exceed \$9,250.

*Motion: Rod Bergholm
Second: Heidi Tackett
Vote: All Directors present voted in favor, 5-0.*

RESOLUTION 2012-6 ADDING ATTORNEY'S FEES & COSTS TO THE DISTRICT'S RATE AND FEE SCHEDULE

A memorandum and resolution prepared by attorney Jim Folkestad was provided for consideration regarding changing the District Rules and Regulations to amend the Rate and Fee Schedule to include Attorney's fees and costs. It was noted that in 2011, when the District certified past due bills for collection as property taxes, there was a dispute with Douglas County regarding the District's ability to include attorney's fees. Mr. Folkestad stated that such a change via Resolution should settle this outstanding issue.

A motion was made to approve Resolution 2012-6, Adding Attorney's Fees and Costs to the District's Rate and Fee Schedule, including Exhibit A.

*Motion: Rod Bergholm
Second: Walter Partridge
Vote: All Directors present voted in favor, 5-0.*

CONTRACT AND TASK ORDERS FOR GOLDER ASSOCIATES, INC. FOR SCADA PROGRAMMING SERVICES

Golder Associates, Inc. has been providing SCADA, communications, software support, PLC programming and PLC-based control panel work for the District since 2002 (previously Wireless Systems). Due to the age of the previous contract, legal counsel was requested to review the 2009 agreement and prepare an update as needed. The 2012-2014 revised agreement that has been reviewed and signed by Golder Associates was presented to the Board for consideration.

Following discussion, a motion was made to approve:

- *The Contractor Services Agreement with Golder Associates for Years 2012-2014;*
- *Allocation of \$45,000 for Task Order No. 10, providing services for the District's Water Division;*
- *Allocation of \$12,000 for Task Order No. 12 providing services for the District's Wastewater Division.*

[It was noted that Task Order No. 11, work being performed at Pump Station No. 5, is listed in the Agreement, but had been previously approved by the Board.]

*Motion: Robert Chapman
Second: Heidi Tackett
Vote: All Directors present voted in favor, 5-0.*

PROPOSAL FROM MULHERN MRE FOR DESIGN AND CONSTRUCTION MANAGEMENT OF AN ACCESS ROAD AND PIPELINE FOR THE WELL H AND A-16 SITE

Mulhern MRE has provided a proposal to provide engineering services needed to design, obtain the necessary permits, obtain construction bids and oversee construction of the access road and pipeline for the Well H Complex project. Until the Army Corp of Engineers and

Colorado Fish and Wildlife requirements are better clarified, staff recommended that the full scope of work not be awarded at this time (i.e., this proposal is for one phase of the overall project). Because the District contracted Mulhern MRE in the initial phases of this project, and because staff is satisfied with the previous work provided, this professional services work was not put out for a formal bid. Questions regarding the project were fielded by Mr. Krogh and Bill Morgan.

A motion was made to authorize the District Manager to enter into a contract with Mulhern MRE, Inc. for the Well H Complex topographical mapping services, to begin design of an access road, and provide assistance in obtaining a 404 permit as described in the proposal, up to the amount of \$53,100.

*Motion: Robert Chapman
Second: Robert Greene
Vote: All Directors present voted in favor, 5-0.*

An additional motion was made to authorize the District Manager to enter into a time and materials based contract with a qualified geotechnical firm for soils testing with a not to exceed total fee of \$10,000.

*Motion: Robert Chapman
Second: Heidi Tackett
Vote: All Directors present voted in favor, 5-0.*

CHERRY CREEK ALLUVIAL MODELING PROJECT 2.0 IGA

Mr. Krogh provided a short history of the Cherry Creek Alluvial Modeling Project (CCAMP). In the first phase of CCAMP, a model was developed to simulate the hydrology of Cherry Creek and the impact of the water rights associated with such.

The group of multiple water districts and authorities has come back together now to expand the hydrology data and to use the model to try and settle water right disputes up and down Cherry Creek (CCAMP 2.0).

Because the Town of Castle Rock has now filed a case on Cherry Creek, they have been invited to join the modeling project group; however, they have not decided yet if they will participate. Discussion ensued regarding issues with dry stream reaches as it impacts exchanges and usage. Other scenerios were also presented as examples of uses of the model.

A motion was made to approve the CCAMP 2.0 Phase 1 work, in an amount not to exceed \$12,200 and authorize the Manager to sign the Intergovernmental Agreement.

*Motion: Robert Greene
Second: Robert Chapman
Vote: All Directors present voted in favor, 5-0.*

REQUEST FROM PARKER TASK FORCE FOR CONTRIBUTION

In following up on the April Board meeting discussion, Mr. Krogh brought the Board up to date on payments received from the Parker Task Force to assist in covering delinquent customer

account balances. Discussion ensued regarding what warrants making a donation to this charitable fund versus other fund raisers, and what are the boundaries for future considerations. Mr. Folkestad was previously requested to follow-up on two outstanding provisions:

1. Does such a donation set a precedent for future requests by the District?
2. Concerns regarding what the Parker Task Forces's position and review is for customers that contact them in a time of need.

It was stated that donations to the PTF may help our District customers. Further, it was stated that the long term challenge is having to make determinations regarding requests for donations to other worthy causes in the community. Mr. Krogh stated that there needs to be some direct benefit to our customers to consider this and future requests.

Mr. Folkestad commented that for this sole purpose, the District has made the PTF our agent to assist our customers and we recommend people contact them in time of need, as well as other charitable agencies and churches.

Director Bergholm suggested establishing a \$1/household/year budgeted line item in the future for making donations such as to the PTF. Comments were also discussed regarding providing such assistance in house at the District; however, administration and confidentiality were expressed as concerns.

Following extensive discussion, Chairman Chapman stated that this topic was voted on at the April meeting, and that the subject is now tabled indefinitely.

DISCUSSION OF REGULAR MEETING TIME FOR BOARD MEETINGS

In light of recent changes to the Directors, discussions proceeded regarding whether to change the District's regular meeting time. Concerns were expressed that this is a public meeting, and that the time of the meeting should be convenient for residents to attend should they choose. Mr. Krogh stated that staff and consultants would be more readily able to attend and interact with the Directors, if the meetings were moved to the daytime hours. Mr. Collins and staff provided other District/Authority meeting schedules for comparison. After discussion, the Board determined that regular Board meetings will remain on the second Wednesday of each month at 6:00PM.

RED OAK REPORT ON WATER BUDGET RATE STRUCTURES

The final report by Red Oak regarding rate structures was provided, including changes discussed at the previous Board meeting.

A motion was made to accept the report as presented and to authorize the Manager to forward a copy, along with the proposed cover letter to District resident Ken Smith.

Motion: Walter Partridge

Second: Heidi Tackett

Vote: All Directors present voted in favor, 5-0.

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 commented that he has been engaged with Mr. Morgan on the Well H pipeline project, specifically discussing issues with the Pinery West Metro District and plans to file an action of eminent domain to acquire the requested easement. Although there has been an exchange of letters with the Metro District's Counsel, Mr. Folkestad stated that taking condemnation action was inevitable. The outstanding issue involves Preble's Meadow Jumping Mouse habitat and required mitigation by the Corps.

ACCOUNTANT'S REPORT

Accountant Kevin Collins of CliftonLarsonAllen, LLP presented the District's Financial Statements as of March 31, 2012. Additionally, Mr. Collins explained the variances with regard to the water, sewer and non-operating expenses, specifically noting increased legal expenses related to the District's active augmentation case. He stated that debt service payments are currently on track for the year. Information was provided regarding this year's figures versus 2011 when the water project fee was initiated.

Director Partridge reminded Mr. Collins that the Board wishes to continue monitoring revenues as they relate to the transition to monthly billing, in light of the Board's decision to not raise rates for 2012.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of May 2012. He presented payable amounts of significance for the Director's information.

A motion was entered to issue checks as written in the amount of \$696,229.64, as well as for the interim payables in the amount of \$36,526.84.

*Motion: Rod Bergholm
Second: Heidi Tackett
Vote: All Directors present voted in favor, 5-0.*

DISTRICT MANAGER'S REPORT


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

- Castle Rock staff has completed their evaluation of water proposals. The website which contains the summary report was provided for the Directors' reference. No recommendation was provided.
- An updated status on Amendments 3 and 45 was provided, including an email from Pat Ratliff (lobbyist).


- The rollout of the credit card option has been successful with only a couple of minor issues that were resolved. In April, the District received 39 payments by credit card for \$6,236.87. Over 100 customers have registered on the site to date.
- A note of “thanks” was included for excellent customer service provided by employee, Rhonda Lancaster.
- The meter profiling feature has been extremely helpful toward resolving several customer issues over the past few months. An example was provided.
- The Franktown Group is planning to apply to the County for zoning approval in the near future. They have requested that the District refresh the will-service letter for them. Financing of the project has not been discussed to date.
- It is premature to discuss water restrictions, but if the weather pattern remains unchanged, the District may find it necessary to begin to reduce our demand. Staff will be watching this and if necessary, include as a topic for discussion at the June Board meeting.
- Project updates were provided for Well I, Well H/A-16 Easements, Well H Complex Design and Construction, Castle Rock Interconnect, Cell Tower, Well A, and Well K.
- Many meetings are occurring related to the WISE agreement. Black & Veatch has been contracted to calculate cost per share; results available in a couple of weeks. Mr. Krogh met with Denver Water recently and they have decided to not participate in the acquisition of the ECCV pipeline, but they do want to investigate and possibly construct their own. Conversations took place regarding financing options, including Douglas County (WISE Participant Group). The County suggested that they might be able to be a backup role for participants.

Director Greene made a motion to nominate Robert Chapman as Chairman, Rod Bergholm as Treasurer and Walter Partridge as Secretary. Director Tackett seconded the motion. On a vote of 5-0, the motion was approved.

There being no further business to come before the Board, Chairman Robert Chapman closed the meeting on Wednesday, May 9, 2012 at 8:50PM.


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

ATTEST:


 WALTER PARTRIDGE, SECRETARY