

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 July 11, 2012 at the main office, the time and place of the meeting according to the posted notices. Present were District Board Members – Robert Chapman, Walter Partridge, Heidi Tackett, and Rod Bergholm, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster and Bill Morgan. Director Robert Greene’s absence was excused.

Chairman Chapman called the meeting to order at 6:05 p.m. and established the presence of a quorum.

Minutes for the June 13, 2011 Regular Board Meeting were read and approved as written.

DIRECTOR’S BUSINESS

Chairman Chapman asked Manager Krogh if the recent hail storm caused any damage to the District’s property. Manager Krogh reported no damage to District facilities or vehicles. Manager Krogh informed the Board that an item was added to the agenda regarding an Easement for the Hungry Horse Open Space.

PUBLIC RESPONSE

None

ITEMS FOR BOARD ACTION AND DISCUSSION:

AWARD OF DRILLING CONTRACT FOR WELLS H AND A-16

The District has received bids from two drilling companies for drilling, casing and testing Replacement Well H, a Lower Dawson well, and for new Well A-16, an Arapahoe Well. These well sites will be located on the District’s southern boundary, south of Bayou Gulch Road and south of High Prairie Farms Equestrian Center. Hydro Resources Rocky Mountain, Inc. came in as low bidder for the two wells. The bid includes well enhancement or hydro-fracking for Well A-16. The well enhancement could double capacity for that well and save the District money. The District’s 2012 budget for Well H and A-16 is \$3,537,000.00. A motion was entered to approve the amount for Well H in the amount of \$280,460 and Well A-16 work in the amount of \$1,011,030.00, along with a 5% contingency and an estimated \$15,400 for snow removal that comes to \$80,744 for a total of \$1,372,234.00.

Motion: Robert Chapman

Second: Heidi Tackett

Vote: All Directors present voted in favor.

Chairman Chapman stepped away from the meeting momentarily and Director Bergholm took over for the Chairman in his absence.

AWARD OF ROOFING CONTRACT FOR DEWATERING BUILDING

The Board was asked to approve a proposal for roof replacement on the dewatering building at the wastewater treatment plant that was built in 1990. Four bids were received from two roofing

companies for different replacement alternatives. District staff is recommending the proposal from Western Roofing, Inc. for a new durolast roof with a 15 year warranty. Staff is also recommending the additional cost of providing 60 lineal feet of walk pads to provide a walkway that accesses the equipment on the roof that requires maintenance. A motion was entered to approve the proposal from Western Roofing, Inc. for roof replacement and walk pads in the amount of \$19,405.86.

Motion: Rod Bergholm

Second: Walter Partridge

Vote: 3 Directors present voted in favor.

RESOLUTION 2012-10 ACCEPTANCE OF EASEMENT FROM THUNDER LLC

The Board was asked to approve Resolution 2012-10 which accepts the easement through the property owned by Thunder Limited Liability Company. The easement is needed for the pipeline from the Well H and Well A-16 well complex. A motion was entered to approve the easement document that requires signatures from Chairman Chapman and Secretary Partridge.

Motion: Heidi Tackett

Second: Walter Partridge

Vote: 3 Directors present voted in favor.

RESOLUTION 2012-11 ACCEPTANCE OF EASEMENT FROM THE PINERY GLEN HOA

This Resolution asks for acceptance of three easements through property owned by the Pinery Glen Home Owners Association. Two easements, one permanent and one a temporary construction easement are for the Well H pipeline south of Bayou Gulch Road. The third easement extends the Well LDI well site easement further east to include the future Well H pipeline north of Bayou Gulch Road. A motion was entered to approve the three resolutions to be signed by Chairman Chapman and Secretary Partridge.

Motion: Rod Bergholm

Second: Walter Partridge

Vote: 3 Directors present voted in favor.

Chairman Chapman rejoined the meeting after stepping away briefly.

LETTER OF SUPPORT FOR THE CHATFIELD REALLOCATION

Manager Krogh has asked the Board to authorize the submission of a letter of support provided by the District for the Reallocation of storage in Chatfield Reservoir. A motion was entered to authorize the Manager to submit a letter of support for the Chatfield Reallocation.

Motion: Walter Partridge

Second: Robert Chapman

Vote: All Directors present voted in favor.

WATER SUPPLY UPDATE

Manager Krogh reported to the Board that the D-Line Observation wells for the District have risen 2 feet since the storms over the weekend. During the storms Well 9 rose 6 feet. The Cherry Creek Alluvium is back to the early June levels. District staff has decided to leave the restriction signs out until July 13th, at which time they will remove the signs from the streets for a few weeks and then put them back out if necessary. The voluntary restrictions will stay in place and details are posted on the District's website.

HUNGRY HORSE OPEN SPACE EASEMENT AGREEMENT

The Board was asked to approve a Non-Exclusive Easement Agreement from Douglas County for a 30 feet by 30 feet easement for a groundwater monitoring well in the Hungry Horse Open Space. A motion was entered to approve the Easement and appropriate officers of the District to execute the easement on behalf of the District. Once executed by the Board, the agreement will go to the Douglas County Commissioners for their approval and signatures.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

ATTORNEY’S REPORT

Attorney Jim Folkestad updated the Board on what he and his staff are currently working on for the District:

- Well H and Pipeline Easements – Most of the easements are being granted voluntarily. The easement from Pinery West Metro District No. 2 (Pradera) is in negotiations and a condemnation action was filed on June 6th, 2012. If the negotiations are not successful it will go to court.
- Pinery West Commercial – License agreements for the monitoring wells are in review status.
- Cell Tower Contract – Direct negotiations are underway with the cell tower legal counsel – they are requesting to draft the Agreement.
- Canyons – Confirmation has been received for a 6 month period for the amended Letter of Credit.

ACCOUNTANT’S REPORT

Accountant Kevin Collins with Clifton Gunderson presented the May 31, 2012 financial statements to the Board.

Water: Operating revenues are above the 4 year average budgeted amounts.

- As of May 31, 2012 the total available balance for the water project fee is \$756,696.00. In February 2012 \$25,000 from the collected fees was allocated to the WISE project.
- 2012 year-to-date water sales exceed 2011 sales.

Expenses are above the four year average budgeted amounts.

- Legal expenses are over budget due to costs for the augmentation plan, which has been higher than anticipated.
- Vehicle maintenance expenses are higher than budget through May but should remain within budget for the year.

Sewer: Operating revenues are above the four-year average due to the conversion to monthly billing in 2012.

- Repairs and maintenance year-to-date actual amount includes video and line cleaning resulting in a total cost of \$36,578.
- Repairs and maintenance year-to-date actual amount includes over \$10,500 in poly-related work.

Tap Fees: Tap fees are at 50% of budget.

Mr. Collins pointed out to the Board that the Restricted Cash includes the bond monies that are set aside for paying for the well projects.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of June 2012. A motion was entered to issue checks as written in the amount of \$672,080.45 and \$3,513.65 for the interim report. It was noted that \$406,000 of the payables total was for 2 bond payments and almost \$100,000 went to IREA for electricity for the month of June.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

Director Bergholm shared with the other directors a table of the consultants the district regularly uses and their costs through May of this year. Director Bergholm reported that he and Director Tackett met with the Manger to review the table, and gain a better understanding of the services the consultants provide.

DISTRICT MANAGER'S REPORT

Manager Krogh presented the Board with an update on what is going on around the District:


- The District's Substitute Water Supply Plan has been approved by the State. This requires that the District re-permit wells 9 and 10. Permits were submitted to the State last week. Once the permits are approved the District will be operating under the new plan for wells 9 and 10 and the Denver Basin wells not included in the existing augmentation plan.
- WISE – Douglas County Commissioners approved the Resolution forming a Douglas County Water Enterprise on July 10th, 2012. This enterprise will allow the County to issue revenue bonds backed up by revenue pledges from the WISE participants that could be used for building pipelines for the WISE project.
- The electrical cabinet at Well V was vandalized over the weekend. Someone fired shots at the cabinet but did not damage anything internally. The incident was reported with the Douglas County Sheriff.
- To date 205 District customers have signed up on the District website for the credit card payment option.
- The Wastewater Treatment Plant permit may be in violation for zinc levels. Another sample is being sent in for confirmation. The District does nothing to add zinc to the water. The State used a short historical when setting the metals levels in the wastewater permit. The District will request that the State use more of the available data in determining the metals discharge limits.
- The Board will be asked in August to award a contract for building a road to the Well H site before any drilling work can be done.

There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 7:30 pm.



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

ATTEST:



~~WALTER PARTRIDGE, SECRETARY~~

Charles S. Knapp, Assistant Secretary