

**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 August 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, Heidi Tackett, Rod Bergholm, and Robert Greene, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and members of the District staff – Bill Morgan and Rhonda Lancaster. Director Partridge's absence was excused.

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

Minutes of the July 11, 2012 Regular Board Meeting were read and approved, pending a correction.

PUBLIC RESPONSE

None

DIRECTOR'S BUSINESS

Director Greene asked the Chairman for time to discuss his concerns about the 2013 Budget. Chairman Chapman directed the comments to the Action item regarding the 2013 Budget.

Chairman Chapman added a comment regarding public safety regarding prescriptions from pharmacies. He had a recent bad experience involving a mix up in his regular prescription which affected his health. He urges everyone to check prescription medication very thoroughly.

ITEMS FOR BOARD ACTION AND DISCUSSION:

APPOINTMENT OF BUDGET DIRECTOR FOR 2013 BUDGET

A motion was entered to appoint the District Manager as the Budget Officer for preparation of the 2013 budget. Director Greene opened up discussion with a recommendation to attempt to line item as many things possible in the upcoming budget including personnel, vehicles, etc. to provide the Board with appropriate guidance. Chairman Chapman voiced his concern about manpower that will be needed in the future for added lab work that will be required by the State. Manager Krogh expressed his concern about having enough staff to accomplish accounting for the District's augmentation plan.

Motion: Heidi Tackett

Second: Robert Greene

Vote: All Directors present voted in favor.

PROPOSAL FROM MULHERN MRE FOR DESIGN AND CONSTRUCTION MANAGEMENT OF THE PIPELINE FROM WELL H COMPLEX

Mulhern MRE has provided a proposal to provide engineering services and oversee management of the construction of the two mile long 12" to 24" diameter pipeline that will cross underneath Highway 83 and Bayou Gulch Road. The requested amount is well within the 2012 budget allocated for the Well H Complex project. A motion was entered to authorize the District Manager to enter into a contract with Mulhern MRE for the Well H Complex pipeline design and construction services not to exceed the amount of \$123,100.00.

Motion: Robert Chapman

Second: Rod Bergholm

Vote: All Directors present voted in favor.

RESOLUTION 2012-14 ACCEPTING MONITORING WELL EASEMENT

The Board approved and signed the easement agreement at the July 11th Board meeting for a 30 by 30 feet parcel for installing a monitoring well in Hungry Horse Open Space. Douglas County Commissioners approved and signed the easement as well. A motion was entered to approve Resolution 2012-14 that shows the Board's acceptance of the easement agreement.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

RESOLUTION 2012-15 ACCEPTING EASEMENTS FROM DOUGLAS COUNTY

This is another easement being acquired for the Well H and Well A-16 project. A motion was entered to approve Resolution 2012-15 accepting the easements on property owned by Douglas County.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

ATTORNEY'S REPORT

District Legal counsel Jim Folkestad reported to the Board regarding activities he and his staff are working on for the District:

- Condemnation action to acquire right of way for the Well H pipeline – depositions are taking place beginning August 9th. The hearing is set for August 14th.
- Pinery West Commercial – in negotiations with the attorney for the developer regarding the license agreements for the monitoring wells.
- Cell Tower Company has accepted some of the proposed changes to the contract and has requested that the District pay for the faux tree that will hold the antennas.
- Amended Rules and Regulations – goal is to have this completed by the year end.

- Mr. Folkestad and Mr. Collins of CliftonLarsonAllen extended their annual invitation to the Board to join them for dinner during the SDA Conference in September. Also, Mr. Folkestad and one of his staff members will be making a lien filing presentation at the SDA Conference.

ACCOUNTANT'S REPORT

Accountant Kevin Collins of CliftonLarsonAllen, LLP provided an overview of selected significant variances compared to the three year average through June 30, 2012, along with the District's Financial Statements as of June 30, 2012:

- \$354,462 in water project fees has been collected year to date, making a total of available balance of \$811,219 as of June 30, 2012.
- Water user charges are at 43% of the budget
- Sewer is on target, with revenues above the four year average budgeted amounts due to the conversion to monthly billing.
- Capital Outlay is under budget through the current month. However cost recovery payments is over budget because of the number of tap fees sold so far this year.
- First Citizens Bank matures on September 1, 2012. Looking at new bank to invest the \$246,000 into. Mr. Collins recommends going with a one year note rather than a 6 month note.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of July 2012. A motion was entered to issue checks as written in the amount of \$360,068.13, and \$12,178.67 for the interim report. Manager Krogh noted that the next Interim Report will be bigger for August because of the early Board meeting this month.

Motion: Robert Greene

Second: Heidi Tackett

Vote: All Directors present voted in favor.

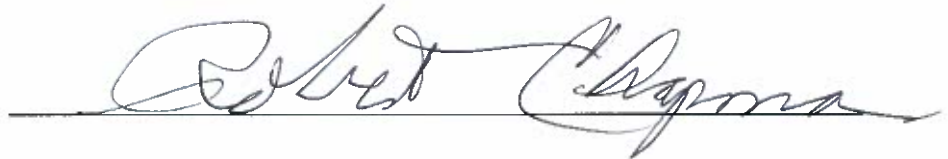
DISTRICT MANAGER'S REPORT

District Manager Krogh presented the Board with several items of importance to the District:

- Status of the Wastewater Permit – it was violated in July for zinc and is on track to violate in August. The State wants the District to investigate where the zinc is coming from. The State will be doing an analysis and a minor amendment to the Permit which will cost the District \$3,000 for the State's time. The District does not expect to be fined for the violation.
- The Timbers developer wants a Will-Serve letter for up to 180 more units as they go through the County zoning process. The District will require the Developer to provide ground for an extra storage tank. There is a concern about sewer capacity. The model done earlier shows the infrastructure can handle added density. More wells would be needed to meet peak demand.
- Manager Krogh met with the Pinery West Commercial investor this week and they have expressed their desire to get the property sale to the District completed by the end of the third quarter.

- Expanded easement at well A site and Pump Station 1 – Manager Krogh presented the Board with information on purchasing the 2 acre lot which contains Well A and Pump Station 1, The District would buy half of the lot and the developer would provide the other half to Douglas County for the trail head and parking area. The District has completed an appraisal of the lot and is in negotiations with the developer. Legal Counsel Jim Folkestad recommended that the District should own any site where it has major facilities and suggested that the District purchase the property.
- Water Rights Opportunities – Manager Krogh has received three proposals from unsolicited landowners wanting to sell their water rights located south and east of the District. He asked if the Board would be interested in having HRS Water Consultants look at the rights that are for sale. The Board indicated that they would like HRS to review these proposals.
- Water Supply Update – The recent rains helped to recharge the Cherry Creek alluvium by a couple of feet but customer demand is still high.
- SDA Conference Planning – A reservations packet was provided to the Board with their lodging and registration information.
- A Geotechnical Services Agreement with Ground Engineering that was previously approved was presented to the Board for signature.

There being no further business to come before the Board, Chairman Chapman closed the regular meeting at 7:35pm.



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

ATTEST:



CHARLES KROGH, ACTING SECRETARY