

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

A special meeting of the Board of Directors of the Denver Southeast Suburban Water and Sanitation District was held on Monday, October 8, 2012 at the main office, the time and place of the meeting according to the posted notices. Present were Chairman Robert Chapman, and Directors Heidi Tackett, Rod Bergholm and 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. Director Partridge's absence was excused.

Chairman Robert Chapman called the meeting to order at 9:06AM and established the presence of a quorum. At Chairman Chapman's request Ms. Saint Vincent recorded minutes.

Minutes for the September 12, 2012 Regular Board Meeting were read and unanimously approved as amended, documenting discussion regarding assistance to the Eyre's at the September Board meeting and addressed in an October 9, 2012 letter to the Eyre's from Chairman Chapman.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA - None

DIRECTOR'S BUSINESS

- As requested by Director Greene, the Manager prepared a letter for the Board's consideration to send to the Eyre's regarding their sewer service line issue (discussed at the September meeting). The letter was approved as amended and direction was provided to Manager Krogh to have the Chairman sign and mail.
- Director Bergholm recently attended a meeting regarding the proposed expansion of the Timbers and stated that the developer is discussing a higher density of houses in the area. He will send future information to the Directors and Manager Krogh upon receipt.

EXECUTIVE SESSION:

At 9:11AM, a motion was made by Director Greene and seconded by Chairman Chapman to enter into Executive Session pursuant to §24-6-402 C.R.S (4) (e) to determine the District's position relative to an employment matter involving the District Manager that is subject to negotiations and (f) to discuss personnel matter relating to the District. to discuss personnel matters regarding the Manager. In attendance were the Directors, Mr. Folkestad and Mr. Collins.

At 10:05AM, a motion was made and seconded to exit the Executive Session. For the record, Mr. Folkestad stated that no decisions were reached and that no formal action was taken by the Board during the Executive Session.

ITEMS FOR BOARD ACTION AND DISCUSSION

PUBLIC HEARING FOR CERTIFICATION OF PAST DUE ACCOUNTS AS PROPERTY TAXES

Based on communication with the one remaining property owner on the list to be certified, it appears as though all of the accounts will be paid up and the District will not need to complete the certification process. The Directors may still adopt the proposed Resolution which provides that if payment is *not* made by October 19th, then the account will be certified to the County for payment as property taxes.

The Board determined to proceed with the Resolution as described:

- The Chairman opened the Public Hearing at 10:06AM
- Public comment period: None Present
- The Chairman closed the Public Hearing at 10:07AM

A motion was made to approve Resolution No. 2012-16, certifying past due accounts for collection as property, subject to the decision of the staff as of October 19, 2012.

Motion: Robert Chapman

Second: Robert Greene

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

SCADA RADIO UPGRADES FOR NORTH SIDE OF WATER SYSTEM

District staff has begun replacing the fixed band radios used for communicating and controlling facilities in the North system with Ethernet radios in 2012. The original radios are over 20 years old and no longer technically supported. Also, the FCC announced earlier this year that radios operating within the frequency band of our fixed band radios, would require modifications by the end of 2012. Four radios operating in the north system are still in need of replacement.

A proposal from Golder Associates has been provided for replacing the remaining four fixed band 450 MHz serial radios with Ethernet 900MHz radios. The north system sides include Pump Station 2 and 3, Deep Well J/P and Reservoir 2. It was noted that adequate funds were appropriated for this project in the 2012 budget and that the same issue will be addressed regarding District vehicles in the 2013 budget.

A motion was made to authorize the Manager to enter into an agreement with Golder Associates to provide, install and commission four new Ethernet radios, in an amount not to exceed \$8,000.

Motion: Rod Bergholm

Second: Heidi Tackett

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

AWARD OF CONTRACT OF INSTALLATION OF GESC ITEMS EAST OF HIGHWAY 83 FOR WELLS H AND A-16 PROJECT'

In response to Douglas County’s requirement regarding grading, erosion and sediment (GESC) control devices where the ground surface is being altered through the Trinity Lutheran property east to the new well sites, proposals were requested by the District for consideration. After review, District staff now recommends that the GESC work required for the Well H complex east of Highway 83 be awarded to Pase Contracting, Inc. As GESC requirements can be changed onsite by the County inspector based on site conditions and the effectiveness of the approved GESC structures, staff is also recommending an additional \$2,500 contingency if required for additional GESC work. It was noted that this work is necessary prior to the inception of drilling.

A motion was made to authorize the Manager to enter into an agreement with Pase Contracting, Inc. to install the GESC items required for the Well H and A-16 project in the amount of \$33,098.75 and approve an additional contingency amount of \$2,500 subject to review by District legal counsel.

- Motion: Heidi Tackett*
- Second: Robert Chapman*
- Vote: All Directors present voted in favor, 4-0.*

AWARD OF THE ACCESS ROAD CONSTRUCTION CONTRACT FOR THE WELL H AND A-16 PROJECT

Following the previous dialogue, this subsequent and related project was discussed. This construction project requires the grading and construction of a ¾ mile gravel access road and a ¼ acre pad for drilling the wells at the Well H and A-16 well site. Additionally, installation of four 24” diameter storm water culverts will be necessary. An invitation to bid was published twice in the Denver Journal and twice in the Douglas County News Press. Proposals were reviewed and staff now recommends contracting with Double R Excavating with an additional contingency for design changes or unforeseen work outside the scope of the contract. The requested amounts are within the 2012 budget for the Well H and A-16 project. It was noted that only two bids were received for the District’s consideration.

A motion was made to authorize the District Manager to enter into an agreement with Double R Excavating for construction of the Wells H and A-16 access road and drilling pad in an amount not to exceed \$260,000.

- Motion: Robert Greene*
- Second: Robert Chapman*
- Vote: All Directors present voted in favor, 4-0.*

WASTEWATER TREATMENT PLANT – BACKWASH HEADER VALVE REPLACEMENT

The check valves and actuated butterfly valves in the backwash piping from the 1991 plant construction are in need of replacement as described by the Manager; a proposal from

Velocity Plant Services was received for consideration. This is a planned maintenance project and fits within the wastewater maintenance budget for 2012

A motion was made to approve the proposal from Velocity Plant Services and authorize the Manager to enter into a contract in the amount of \$14,200 for replacement of the backwash valves, subject to legal review of the contract.

Motion: Robert Chapman

Second: Heidi Tackett

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

DISCUSSION OF THE WISE PROJECT COSTS AND AGREEMENTS

The Manager summarized the current status of the WISE agreements (the Water Delivery Agreement and the Participation Agreement), projected costs, and provided a variety of documents for review. Further, an anticipated schedule for execution of the agreements was discussed. All participating water providers in this project are seeking approval from their individual entities prior to the end of the current calendar year.

Director Greene suggested the District hire an out of state consultant, with no relation to the WISE project, to provide an independent review of the WISE project and a recommendation to the District Board. This suggestion was not supported by the Board.

However, a work session was scheduled by the Board for November 5, 2012 at 9:00AM to discuss the WISE project. The Directors requested that Ron Redd of Castle Rock attend to provide insight on his town's review process of the WISE project and others.

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 including:

- Working on negotiations and a final draft of the license agreements for the monitoring wells (Pinery Golf 2 and 3) for the Pinery West Commercial development. Also reviewing the conveyance process with the Douglas County Attorney for acquiring sites from Forestar.
- Final negotiations are being completed regarding the Skyway Towers LLC, Cell Tower Contract at the Reservoir 7 site. An "Option and Lease Agreement" was provided to the Directors for review of which Mr. Folkestad pointed out recent points of interest to the Board. This Agreement was pended for the Special Meeting scheduled for October 16th.
- Status of Amendment of the District's Rules and Regulations
- Continuing to negotiate with the Reata South Metropolitan District

ACCOUNTANT'S REPORT

Accountant Kevin Collins of CliftonLarsonAllen, LLP previously provided the District's Financial Statements as of August, 2012.

- Water operating revenues are above the 4-year average budgeted amounts due to the collection of the water project fee and the conversion in 2012 to monthly billing. Expenses are slightly above the 4-year average due to legal expenses for the augmentation plan and vehicle maintenance expenses. Additionally, utilities are above budget through August due to the higher usage during the summer months.
- Sewer operating revenues are slightly above the 4-year average and expenses are consistent including repairs and maintenance, and chemicals. Mr. Collins stated that he wishes to further review the significance of the increased revenue in this regard.
- Non-Operating revenues and expenses are consistent or less than the 4-year average; explanations for each were provided by Mr. Collins.
- Capital outlay is under budget through the current month, however the vehicles line item is over budget due to the purchase of an additional vehicle. Upcoming capital expenditures for the fourth quarter of 2012 include the development of Wells H and A-16 and related projects (delayed due to legal issues obtaining easement); as well as continuing replacement of District water meters.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of October 2012. He noted that the final report of payables would be available the following working day and provided a list of some of the larger invoices.

A motion was entered to issue checks as written for the current payables in the amount of \$147,139.49.

*Motion: Rod Bergholm
Second: Heidi Tackett
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, and highlighted the following:

- Water Meter Replacement Program – The replacement for residential meters is nearing completion. Commercial meters are also being replaced at this time. Remaining meters needing replaced involve several challenges due to the difficult location of the meters. Water service for Ponderosa High School will be shut off during the school's fall break for replacement of their meter; portable toilets and bottled water will be provided for the sports teams that will be practicing during the days they are without water.
- The 2013 draft budget will be provided to the Board prior to October 15th. However, the SMWSA and CCPWA budgets are under the same schedule and must be reviewed by their respective boards prior to having figures available for the District.

- Water Supply Update – Due to the recent cool weather and precipitation, the District plans to include a note in the next bills thanking customers for their conservation efforts and letting them know that we are resuming normal operations. Additionally, the deficit to the stream for the District’s augmentation plan has nearly been fulfilled (i.e., the invoice from the CCPWA included in the payables for water purchased).
- Sterling Ranch Water Supply (service provided by Dominion Water and Sanitation District) – A briefing on this project was provided the Manager due to the recent media coverage. It was also noted that the Greenland Ranch water rights recently changed ownership.
- Service Options for the Franktown Business Area Metropolitan District – The FBAMD has once again approached the District to have discussions regarding service. In addition to sewer service, they are now asking if the District would consider providing water service (an estimated six wells to supply the first phase of development). The plan estimates 600 total single family equivalents, yet to be developed. Manager Krogh will plan on providing information for the Board’s review at the November meeting.
- Project updates were provided for the WWTP roof, sewer lining project, the Castle Rock Interconnect and the various wells and easements .

There being no further business to come before the Board, Chairman Chapman closed the meeting on Monday, October 8, 2012 at 11:37AM.


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

ATTEST:


WALTER PARTRIDGE, SECRETARY