

**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 November 5, 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 Charles Krogh, District General Counsel-Jim Folkestad, District Accountant Kevin Collins and District staff Bill Morgan. Invited Guests attending the meeting were Ron Redd Utilities Director for the Town of Castle Rock and Heather Beasley Water Resources Project Manager also with the Town of Castle Rock.

Chairman Chapman called the meeting to order at 9:03 AM and established the presence of a quorum. Mr. Krogh recorded minutes. Director Walt Partridge is traveling and his absence was excused.

CASTLE ROCK POTABLE INTERCONNECT PROJECT

The Town of Castle Rock has the lead on the project to interconnect the water distribution system of the District with that of the Town in the Pradera and Cobblestone Ranch communities. The Town has put the project out to bid and they only received one bid. The bid was from Wildcat Construction in the amount of \$185,806. Three bidders were invited to bid but only one was received. In accordance the Intergovernmental Agreement that covers this project the District is responsible for one-half of the construction costs.

Following a discussion a motion was made seconded and approved to authorize the expenditure of up to \$95,000 for the District's share of the construction costs for the interconnect pipeline. The motion also requested that the District receive a copy of the signed contract between the Town of Castle Rock and Wildcat Construction. There was also discussion that approved pay applications would be required for the District to disburse funds.

Motion: Bob Greene

Second: Heidi Tackett

Vote: All Directors voted in favor of the motion

DISCUSSION OF THE WISE PROJECT COSTS AND AGREEMENTS

At the October 8, 2012 Board meeting the Board was provided with the current version of the draft Water Delivery Agreement between Denver Water, Aurora, and the South Metro Water Supply Authority and the current draft of the Participation Agreement between the South Metro Water Supply Authority members who wish to participate in the WISE project. In addition the Board was provided cost estimates and maps showing pipeline routes of how water may be delivered to the District.

Ron Redd and Heather Beasley of the Town of Castle Rock presented the process that the Town recently completed to evaluate alternative water projects to meet the Town's needs. The Town solicited Requests for Proposals for water projects that would meet the Town's long term renewable water goals. They received 8 proposals and shortlisted those to 4 for detailed evaluation. The 4 shortlisted proposals were:

- The WISE Project
- United Water and Sanitation District – South Platte Agricultural Water Rights
- Renew Strategies – Lost Creek Basin Grounwater
- Stillwater Resources – South Platte Water Rights Exchange Program

To complete the detailed evaluation of the proposals the Town used the following experts: Lyon, Gaddis and Kahn – legal evaluation; Gary Thompson – Water Rights Engineering; Arcadis (formerly Red Oak) – Financial and Rate consulting; and SAIC (formerly R. W. Beck) – Engineering.

As they moved through their evaluation process, the Town revised their water supply goal downward to minimize the impact that the selected project would have on their rates. As a result, they will likely need another water supply project in the future as the Town grows, but the process they have just completed should meet the Town's needs for several decades.

Following the 13 month evaluation process, the Town has selected a hybrid solution consisting of participation in the WISE Project in the range of 1000 to 1500 Acre Feet per year plus the purchase of water rights from the Stillwater Resources Project for future development.

The Board thanked the Castle Rock staff for coming and presenting information on their selection process.

There being no further business to come before the Board, Chairman Chapman closed the meeting on Monday, November 5, 2012 at 11:10 A.M.


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

ATTEST:


WALTER PARTRIDGE, SECRETARY