

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 November 14, 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 via phone, Heidi Tackett, Rod Bergholm, and Robert Greene via phone, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant - Kevin Collins (arrived at 6:20pm), and District staff –Rhonda Lancaster , Bill Morgan and Susan Saint Vincent. Timbers residents Bill Brewer, Sheldon Irish, and Kent Moe were also present as members of the Public.

Chairman Chapman called the meeting to order at 6:00 p.m. and established the presence of a quorum.

Minutes for the October 8, 2012 Regular Board Meeting, minutes for the October 16, 2012 Special meeting, and the minutes for the November 5, 2012 Special meeting were read and approved.

PUBLIC RESPONSE

Timbers residents Bill Brewer, Sheldon Irish and Kent Moe addressed the Board and District staff with concerns and questions about the proposed density increase request for the Timbers community. Both Mr. Brewer and Mr. Irish's concerns included whether the District can serve the proposed increase in density. Manager Krogh pointed out that the District does not yet have a plan to react to, but is confident that it can serve the proposed numbers that are being discussed. He went on to explain that the area currently has a pump station with three storage tanks. One of the storage tanks was funded by the Timbers Developer. This tank was built larger than needed to provide for some additional development east of the current district boundary. Therefore, the District already has in place the infrastructure to serve the proposed additional homes. Mr. Krogh commented that he would request the Developer to provide property for an additional water storage tank if the new development goes through. He went further to explain that tap fees paid by builders as homes are being built pay for the facilities needed to support the development. Mr. Brewer asked how close the District is to capacity. Mr. Krogh replied that the District currently delivers about 3000 Acre Feet of water per year and that the projected future demand at buildout is 4200 Acre Feet. He added that the District's wastewater treatment plant is permitted to handle 2,000,000 gallons per day and currently is at about 850,000 gallons per day. More discussion involved the process involved to actually get a plan approved which is mostly in the hands of the Planning Commission and County commissioners. The County will require a "Will Serve" letter from the District that details the water rights portfolio that would be used to

serve the proposed development. Mr. Irish asked what the District is discussing as far as the proposed development is concerned. Jim Folkestad the District's legal counsel stated that the District is a limited purpose government district and the only question for the District is can we serve the proposed development. The County Commissioners, as the land use agency will make the final decision on whether a development is approved. The discussion ended with Mr. Irish stating that he would like to ask the coalition that is opposing the proposed development to invite District staff to a future meeting. Mr. Krogh agreed to attend.

At 6:40pm the members of the Public exited the meeting.

DIRECTOR'S BUSINESS

None

PUBLIC HEARING FOR THE 2013 BUDGET

By agreement of the Board, Chairman Chapman officially opened the Public Hearing at 6:40pm regarding the Denver Southeast Suburban Water and Sanitation District 2013 Budget. There being no public present, the Hearing was closed by the Chairman at 6:41pm. The Hearing was properly published in the Douglas County News Press as required by statute.

ITEMS FOR BOARD ACTION AND DISCUSSION:

RESOLUTION REPEALING RESOLUTION 2006-8 ESTABLISHING THE ADMINISTRATIVE PROCESS FOR ESTABLISHING RATES AND FEES

The Board entered a motion to pass Resolution 2012-17 repealing Resolution 2006-8 which was adopted back in 2006 as a defensive measure for a proposed constitutional amendment that would require all future rate increases to be voted on by the general public.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

APPROVAL OF EASEMENTS FROM DOUGLAS COUNTY FOR THE WELL K ACCESS ROAD

The Board entered a motion to approve the Resolution authorizing the appropriate District Board officers to execute the easements for the Well K Complex Project located in Douglas County open space south of the Pradera development. The easement Resolution will now go before the Douglas County Commissioners for approval.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: 4 Directors voted in favor. One abstained (we lost phone connection prior to the vote.)

GEOTECHNICAL ENGINEERING PROPOSAL FOR THE WELL H AND A-16 PIPELINE CONSTRUCTION WITH GROUND ENGINEERING

The Board was asked to approve the Ground Engineering proposal for geotechnical work and materials testing that will be required to be done during the installation of the nearly 2 mile long Well H / A-16 pipeline. The proposal cost is \$14,096. District staff is requesting a 10% contingency in case additional testing is required that would raise the total amount requested to \$15,500.00. A motion was entered to authorize the District Manager to enter into an agreement with Ground Engineering for the Well H /A-16 pipeline construction project in the amount not to exceed \$15,500.00.

Motion: Robert Chapman

Second: Rod Bergholm

Vote: All Directors present voted in favor.

AWARD OF CONTRACT FOR CONSTRUCTION OF THE WELL H AND A-16 PIPELINE

This project involves the installation of pipeline required for Wells H and A-16. Nine firms bid on the project. JBS Pipeline Contractors was the low bidder at \$1,255,293.20. In addition to the bid price District staff is requesting a 4% contingency of \$50,000 for design changes or unforeseen work outside the scope of the contract. A motion was entered to authorize the District Manager to enter an agreement with JBS Pipeline Contractors for construction of the Wells H and A-16 pipeline not to exceed \$1,255,293.20. The requested contingency funds were also approved.

Motion: Robert Chapman

Second: Rod Bergholm

Vote: All Directors present voted in favor.

AGREEMENT WITH SKYWAY TOWERS FOR LEASE OF A CELL TOWER SITE AT RESERVOIR 7

The long awaited Agreement for the cell tower lease is close to completion. Attorney Jim Folkestad asked the Board to approve what has been presented to them at this time. A motion was entered to approve the Agreement with Skyway Towers LLC for the cell tower lease subject to legal and District staff's approval of the final version of the agreement once all of the attachments have been assembled. Director Partridge asked what the legal costs add up to for putting the lease together and if the District will recover any of those costs. Mr. Folkestad explained that from a legal standpoint he does not like to ask the other side to pay the legal costs in a situation like this because he wants to make sure that both parties are fairly represented. Manager Krogh added that the lease is for 50 years with an escalating lease payment from Skyway Towers, LLC.

Motion: Robert Chapman

Second: Robert Greene

Vote: All Directors present voted in favor.

2013 ENGAGEMENT LETTER FOR LEGAL SERVICES WITH FOLKESTAD AND FAZEKAS

Jim Folkestad presented his 2013 Engagement Letter for Legal Services to the Board for their approval. He stated that his rates will remain the same as they were for 2012. A motion was entered to approve the 2013 Engagement Letter.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

ATTORNEY'S REPORT

Jim Folkestad had no other items to report to the Board. The action items on the agenda covered what he had listed on his report given to the Board.

ACCOUNTANT'S REPORT

Accountant Kevin Collins with Clifton Larson Allen presented the September 30, 2012 financial statements to the Board. Mr. Collins reported that the District's Water revenues and expenses are above the four year average budgeted amounts, due to high demand for water and above average utility costs as a result of the dry year. The water project fee available balance is at \$974,803.00 as of September 30, 2012. The Sewer operating revenues are above the four year average budgeted amounts, while the Sewer expenses are consistent with the four year average budgeted amounts.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of October 2012. A motion was entered to issue checks as written in the amount of \$764,849.95 and \$7,336.56 for the interim report. The disbursement amount includes a bond payment for \$375,818.01. There were eight disbursements that were not processed because of a shortage of blank checks. These will be processed and ready for signature next week. Manager Krogh informed the Board of two upcoming expenses for the next interim report that will include a payment to Foothills Energy for \$2,200 and a payment to Pace Construction in the amount of \$15,255.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

DISTRICT MANAGER'S REPORT

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

- Manager Krogh informed the Board and staff that he will be going in on Thursday for a medical procedure and then will be on vacation Thanksgiving week.
- The Draft for the Manager's Contract will be ready by the December Board meeting.

- Parker Water and Sanitation will announce who their new manager is after their Thursday night Board meeting.
- WISE – Manager Krogh attended their meeting today. The WISE participants are meeting weekly to work on the various agreements.
- Sewer lining project – three separate locations are being lined this year. The work will begin this week- all in the original Pinery development area.
- CliftonLarsenAllen conducted an audit of the District’s payroll records and found 3 accrual discrepancies. Director Tackett pointed out that the District is short by 1 tap fee to meet the 2012 budgeted number.

At 7:30pm Chairman Chapman entered a motion to move into Executive Session. Director Greene requested an Executive Session to be attended by the Board, attorney Jim Folkestad and Accountant Kevin Collins to discuss budget adjustments for 2013 and 2014 concerning administrative personnel.

District legal counsel Jim Folkestad requested guidance as to what statute he needed to recite to begin the Executive Session. He pointed out that if the Board is planning to discuss Personnel matters, if it is in regard to a specific employee, they have the right to be present. After a lengthy discussion, Director Greene asked to withdraw from the request to go into Executive Session. Chairman Chapman announced that the Regular meeting would continue as an open discussion regarding the Budget.

- Director Greene proposed to Manager Krogh to come up with a plan to reduce personnel costs by \$285,000 for the 2014 Budget. He also proposed that the 2013 Budget allow for a \$100,000.00 contract line item to adjust for loss of personnel and \$100,000.00 to be made available for severance for the staff that is let go.

Chairman Chapman suggested that the Manager and Accountant Kevin Collins meet with Director Greene and bring back a plan to discuss these requests at the December Regular Board meeting.

- The Board agreed to a 3.5% increase in the personnel budget for 2013 and after a brief discussion decided to go with a 2.8% instead of the proposed 3% increase in water and sewer rates for 2013.

There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 8:25 pm.



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

ATTEST:



WALT PARTRIDGE, SECRETARY