

**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 February 13, 2013 at the main office, the time and place of the meeting according to the posted notices. Present were District Board Members –, Walter Partridge, Rod Bergholm, and Robert Greene, District Manager - Charles Krogh, District Manager via phone, General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster, Susan Saint Vincent, and Kevin Clark. Chairman Robert Chapman was not present. Hal Brewer, a resident of the District was also present.

Director Greene entered a motion to excuse the absence of Chairman Chapman and to appoint Director Partridge as Acting Chairman for this meeting.

Motion: Robert Greene

Second: Rod Bergholm

Vote: All Directors present voted in favor.

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

Minutes for the January 9, 2013 Regular Board Meeting were approved as amended by the Board.

PUBLIC RESPONSE

Timbers resident Hal Brewer asked the Board and staff if there had been any further feedback from the Developer involved in the proposed development in the Timbers. Manager Krogh commented that he has not heard from the Developer since December.

DIRECTOR'S BUSINESS

None

ITEMS FOR BOARD ACTION AND DISCUSSION:

PROPOSAL FOR THE DESIGN AND CONSTRUCTION MANAGEMENT OF THE WELL K PIPELINE

The District has asked Mulhern MRE to provide engineering services for the Well K pipeline. It will be efficient to use them for this project, as they were also contracted to do the design for the Well H project and the design work done for that can be modified and used for Well K. A motion was entered to approve the agreement with Mulhern MRE for the Well K Complex pipeline design and construction management services for an amount not to exceed \$23,200.00. Manager Krogh asked that the motion be amended to also include having Acting Chairman Partridge sign the agreement in Mr. Krogh's absence from the office.

Motion: Robert Greene
Second: Rod Bergholm
Vote: All Directors present voted in favor.

****Director Tackett joined the meeting at 6:08pm***

DEVELOPER SERVICE AGREEMENT FOR THE PINERY WEST COMMERCIAL DEVELOPMENT

This agreement has been tabled at the last two Board meetings and now is ready for Board action. Manager Krogh explained that this is an umbrella agreement with the Developer and is required in order to go forward with approving the property purchase agreement. After a discussion that involved identifying whether replacing a District water main on the property when construction begins is a Townwide improvement or a dedicated improvement, and the difference between the two, a motion was entered to approve the Developer Service Agreement for the Pinery West Commercial Development contingent upon the Developer's approval and any final minor wording changes, including addressing the irrigation restriction requirement section to be approved by the attorney.

Motion: Rod Bergholm
Second: Heidi Tackett
Vote: All Directors present voted in favor.

PROPERTY PURCHASE AGREEMENT FOR THE PUMP STATION 1 SITE, FUTURE WATER TREATMENT PLANT SITE, WASTEWATER LAGOONS, AND FUTURE RAW WATER STORAGE PONDS

This agreement lays out the details for the purchase of two lots and the transfer of two tracts of land belonging to Forestar Real Estate Group, Developer of the Pinery West Commercial project. Lot 10 is the location for the District's future water treatment plant and for replacement of pump station 1, and contains the District's well V and wells 2 and 5. Lot 11 contains the District's pump station 1, well A and well 1. Well A will be redrilled at this location as well. Tract K includes the wastewater lagoons and Tract O can be used in the future for raw water storage. The developer will also grant an expanded easement around well 4 to provide space for a replacement well and for the well 10 pipeline. Director Greene brought up the question about whether the District could in the future be restricted on the use of the property. Manager Krogh stated that yes, this could happen and that the only restriction listed in the agreement pertains to not allowing municipal waste treatment on lots 10 and 11. Tract O usage is limited to raw water storage, and Tract K is part of the wastewater treatment plant site. Director Tackett pointed out that the purchase amount in the agreement is incorrect and needs to be amended. A motion was entered to approve the agreement subject to getting the final legal descriptions of the easements included and also with the amendment of the price listed on the proposal so that it reads the correct purchase amount of \$440,570.00.

Motion: Walter Partridge
Second: Robert Greene
Vote: All Directors present voted in favor.

WISE WATER DELIVERY AGREEMENT

Manager Krogh led the discussion of the Agreement and highlighted the sections that are significant to the District. The District is subscribing for 500 of the 7000 AF of average annual deliveries. Director Greene asked if the discussion could cover what the District's cost will be for delivered water. According to the agreement delivered water to the Pinery will cost roughly \$5.38 per 1,000 gallons plus pumping costs. Manager Krogh reminded the Board that the delivered water will represent 1/6 of the total water supply for the District. This would calculate out to be about a 15% increase for the customers between now and 2020. Director Greene suggested that the District should look into having a rate study conducted prior to agreeing to join in on the WISE project to give the Board and staff a better look at how the customer rates will be impacted. Manager Krogh asked the Board if they would be comfortable with hiring Red Oak Consultants to do the study. Directors Tackett and Partridge agreed that it is good to have a preliminary study done that will give the Board better information to base their decision to join the WISE project within the next 90 days. After a brief discussion the Board gave the Manager the go ahead to get started with the process of hiring Red Oak Consultants.

Manager Krogh continued to outline the agreement and it was pointed out by Director Tackett that the recent decision by Denver and Aurora Water to make the agreement more palatable for other members by reducing the delivery obligation from 100,000 AF to 70,000 AF, and by allowing the ECCV pipeline to be utilized is a huge move forward for the project. Manager Krogh covered the delivery flow rate and how that will impact the need to equip the District's wells for ASR so that excess flow can be pumped into the wells. Another important issue will be disinfection. Aurora currently uses chloramines to disinfect. The District uses chlorine. The least expensive way for the District to convert the delivered water is to have it converted from chloramine to chlorine before distributing to customers. Director Partridge pointed out that the rate study should extend out to 2020 where the disinfection facilities and the cost of equipping the wells with ASR will be included in the cost of the delivery of water. The discussion ended with Manager Krogh letting the Board know that he will be available for questions and can present this agreement again in the near future. Jim Folkestad added that he has been attending the WISE meetings and is also available for questions.

ATTORNEY'S REPORT

Jim Folkestad provided the Board with a report on what he and his staff are currently working on for the District, including his attendance at the WISE drafting meetings to review changes to the WISE Delivery Agreement and Participation Agreements. He also included a report on foreclosures of properties within the District.

ACCOUNTANT'S REPORT

Accountant Kevin Collins with Clifton Larson Allen presented the December 31, 2012 financial statements to the Board. This is a rough draft for the year end and is about 95% complete. He added that they are working on making a few more adjustments and making sure all of the 2012 expenditures are included. Revenues and expenses are complete. District staff will be

transferring funds from the Colo Trust account to the Wells Fargo account to cover the January payables.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of January 2013. A motion was entered to issue checks as written in the amount of \$1,155,013.03 and \$5,533.93 for the interim report. Director Bergholm pointed out that over \$800,000 of the payables is in 3 of the checks to be signed.

Motion: Rod Bergholm

Second: Heidi Tackett

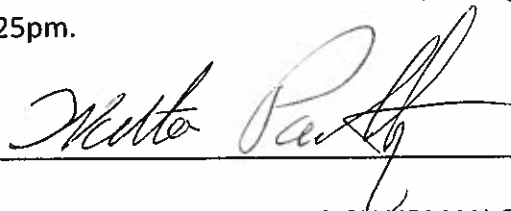
Vote: All Directors present voted in favor.

DISTRICT MANAGER'S REPORT

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


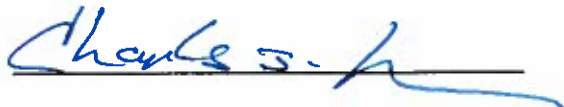
- Manager Krogh thanked the Board for their support during the illness and passing of his father in January.
- Manager Krogh and Jim Folkestad met with the Franktown Metro District at their request. They are seeking to formulate a conditional will serve from the District for water. In the past the District has discussed the possibility of providing sewer service to Franktown, but has not expressed interest in providing water. The Board agreed that they would not be interested in providing water to Franktown, but may be interested in operating facilities that Franktown constructs for delivery of water.
- Well A-16 progress has been slow caused by problems with the packer being removed from the well. As of today the drill pipe has been removed and there was more progress in working to get the packer unstuck. Manager Krogh will be meeting with the water consultants involved with the project on Thursday the 14th.
- The WISE "meet your partner" meeting will be held on March 15th at 7:30am at the Inverness hotel.

There being no further business to come before the Board, Acting Chairman Partridge closed the Regular meeting at 8:25pm.



WALTER PARTRIDGE, ACTING CHAIRMAN OF THE BOARD
OF DIRECTORS, DENVER SOUTHEAST SUBURBAN
WATER & SANITATION DISTRICT

ATTEST:

CHARLES KROGH, ASSISTANT SECRETARY

