

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 July 10, 2013 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, Rod Bergholm, Heidi Tackett and Robert Greene, District Manager - Charles Krogh, General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster, Kevin Clark and Dan Hammann.

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

Minutes for the June 12, 2013 Regular Board Meeting were approved as written. Also approved were the minutes for the Special Meeting held on June 25, 2013.

Motion: Walter Partridge

Second: Robert Greene

Vote: All Directors present voted in favor.

PUBLIC RESPONSE

None

DIRECTOR'S BUSINESS

Director Tackett asked if the use of infrared detection that was discussed in the recent Colorado Special Districts Property and Liability Pool publication would be beneficial to the District. Manager Krogh explained that there is grant money available for safety related upgrades and costs for such a program could be matched 50% through the CSD insurance pool if the District decided to look into an infrared program.

Director Partridge asked for an update on the A-16 well project. Manager Krogh informed the Board that well development is planned for this week then pump testing will happen next week. He added that this well is planned to be part of the water system by spring of 2014.

ITEMS FOR BOARD ACTION AND DISCUSSION:

DISCUSSION OF DISTRICT WATER RIGHTS

Manager Krogh presented the Board with a compilation of the District's water right information as requested by Director Greene which included tables summarizing water rights by decree and by aquifer. Maps of the District's alluvial wells, Lower Dawson wells, Arapahoe wells, both drilled and future well sites, and a map showing Laramie-Fox Hills future well sites were shown. Also included was a map identifying where the different water rights decrees apply over the District. Director Greene would like to know the monetary value of the rights that the District

has and would like to know how many wells the District has drilled that are not in use at this time and if fracking might be considered for those that do not produce enough to be put online.

MANAGER SEARCH UPDATE

Manager Krogh updated the Board with the number of applicants for the District Manager position so far. As of today we have received 15 resumes consisting of applicants from all over the country and one from Canada.

DISCUSSION OF A RATE STUDY/FINANCIAL PLAN

After a lengthy discussion, the Board and staff decided that it will be timelier at this point to go forward with a Rate Study in 2014. The Manager will get a proposal for a rate study so that the costs can be included in the 2014 budget.

anager Krogh and Kevin Collins will be meeting on July 12th to begin work on the finance plan.

DISCUSSION OF SDA CONFERENCE IN SEPTEMBER

The 2013 SDA Conference is in Keystone September 18 through September 20th. All Board members except for Mr. Partridge are planning to attend.

ATTORNEY'S REPORT

Attorney Jim Folkestad updated the Board with active items of interest to the Board.

- Mr. Folkestad led a discussion regarding the idea of Board members obtaining District email addresses for use in correspondence regarding District matters. This would help to protect against the Board's personal email being exposed in a lawsuit involving the District.
- The Forestar Developer Service Agreement and Purchase and Sale Agreement closing have been completed.
- The approved will serve letter has been delivered to the Franktown Metro District stating that the District is willing to provide sewer service and that the District may connect to their water system to move their water to them.
- Revision of the District's Rules and Regulations should be completed in draft form in time for the September Board meeting.

ACCOUNTANT'S REPORT

Accountant Kevin Collins with Clifton Larson Allen presented the May 31, 2013 financial statements to the Board. Mr. Collins opened his report with the memorandum included in the Board packets that discloses the rebate requirements of the District's Water Enterprise Revenue Refunding Note, Series 2010.

- Water Revenue is down from 2012 due to the drier weather conditions in early 2012.
- Non-operating revenues are under budgeted amounts because the \$4,000,000 of budgeted loan proceeds has not yet occurred.
- The District has collected more tap fees to date than was budgeted for 2013.
- The balance of the Project Fee is \$1,386,566.

- The total Restricted Cash balance as of 6/28/13 is \$3,691,356.00.

TREASURER'S REPORT

Director Bergholm presented the Treasurer's Report for Board approval for the month of June, 2013. A motion was entered to issue checks as written in the amount of \$811,148.45 for disbursements and \$27,094.08 for the interim report.

Motion: Rod Bergholm

Second: Walter Partridge

Vote: All Directors present voted in favor.

DISTRICT MANAGER'S REPORT

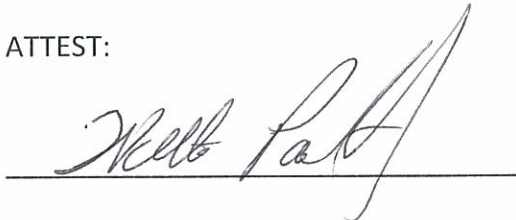
- Manager Krogh reported to the Board that the South Metro WISE Authority has now been formed. This new government entity will oversee the construction and operation of the WISE project. The Authority's ten members elected a Board that is made up of representatives from Parker Water, Castle Rock, Dominion, Stonegate, and Pinery Water.
- Well 1 is showing signs of problems. District staff is looking at purchasing a replacement pump for the existing 7 year old one. This will be an expense of around \$15,000.00.
- Manager Krogh was approached by an engineering firm from Pennsylvania wanting a sustainability study on Well O that supplies water to the Pradera Golf Course, perhaps in preparation for some kind of refinancing.
- Director Tackett suggested that staff get in touch with the homeowner that was concerned about the construction going on near their home to see if they have any other issues.
- Chairman Chapman brought up a concern about whether the District is in need of replacing water mains. Manager Krogh said the only area at this time that might be in need of looking at within the next 10 years would be those in Filing 2. This kind of project would be considered when working on the 10 year capital plan for the District.
- Deadline for accepting resumes for the District Manager position is August 2, 2013.
- Director Greene requested that the Board consider scheduling a work session in August or September to start on the budget for 2014.
- Director Partridge asked how the water source for the District is holding up. Manager Krogh replied that all wells are running as much as is permissible with the augmentation plans. The District purchased 10.3 a.f of water from CCWPA in June.

There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 8:00pm.



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

ATTEST:



WALTER PARTRIDGE, SECRETARY