

**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 20, 2019 at the District Office at 5242 Old Schoolhouse Road, the time and place of the meeting according to the posted notices. Present were Chairman Walter Partridge, District Board Members Heidi Tackett, Russ Hokanson, Steve Tinnes and Jim McGannon. Also present were Heather Beasley, District Manager, Kevin Collins, District Accountant, and Joe Kinlaw, District Counsel.

Chairman Partridge called the meeting to order at 6:30 pm and established that a quorum of the Board was present.

**DIRECTOR BUSINESS**

Treasurer Tinnes presented typed notes of his time at the SDA conference in September for Director McGannon to review. Chairman Partridge informed the rest of the Board that later in the evening, the Board would go into Executive Session to discuss the performance of Manager Beasley 2019 and her organizational goals for 2020.

**PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

Jon Scanlion and Michael Shildt, residents of the Pinery, had a few questions about the proposed 2020 District Budget (which is an agenda item) but did not have any general comments about items not on the agenda.

**MINUTES OF THE NOVEMBER REGULAR BOARD MEETING**

The minutes for the November Regular Board meeting were approved with one revision.

**Motion:** Jim McGannon

**Seconded:** Steve Tinnes

**Vote:** All Directors present voted in favor.

**CONSENT AGENDA:**

**RESOLUTION 2019-26 APPROVING AMENDMENT TO LOAN CONTRACT CT2015-085 WITH COLORADO WATER CONSERVATION BOARD FOR WISE PHASE I INFRASTRUCTURE**

Director McGannon ask about the savings realized from the Amendment to the CWCB Loan and verified that the terms of the loan were the same as the original loan. Mr. Collins confirmed that the terms are the same and only the loan amount was amended.

**RESOLUTION 2019-27 APPROVING A ONE-YEAR EXTENSION OF THE PROFESSIONAL SERVICES AGREEMENT WITH GROUND ENGINEERING**

A motion was entered to approve Resolutions 2019-26 and 2019-27.

**Motion:** Walt Partridge

**Second:** Russ Hokanson

**Vote:** All Directors present voted in favor.

**ITEMS FOR BOARD ACTION AND/OR DISCUSSION:**

**RESOLUTION 2019-28 SETTING RATES AND FEES FOR 2020 AND RESOLUTION 2019-29 SETTING THE TAP FEES FOR 2020**

The Board opened a Public Hearing at 6:39 PM regarding the proposed water and sewer rates for 2020 and the Tap Fees for 2020. There was no change to residential and commercial water rates and no change to the wastewater rate. Michael Schildt noted that he also understands that the residential rates will not increase for next year. The Public Hearing was closed at 6:43 PM. There were questions about the definition of customer classes. The revisions regarding the proposed 2020 Tap Fees are consistent with the recommendations of the 2017 Rates and Fees Study and amount to approximately a 2.7% increase. There were no comments from the public regarding the proposed Tap Fees. Manager Beasley noted that a revision to the Commercial customer class first tier thresholds before the rates sheet is published.

A motion was entered to approve Resolution 2019-28 with the necessary changes to the table as discussed and Resolution 2019-29.

**Motion:** Walt Partridge

**Second:** Russ Hokanson

**Vote:** All Directors present voted in favor.

**APPROVAL OF THE 2019 DISTRICT BUDGET**

The Board opened a Public Hearing at 6:45 PM regarding the proposed 2019 District Budget. Michael Schildt had questions about the current employee count for the District, expenditures for new capital assets, and the line item noted in the Budget as "Outside Services." Manager Beasley directed Mr. Schildt's attention to the table that itemizes the water capital projects. There were no other comments from the public. The Public Hearing was closed at 6:50 PM. Director Tackett asked about how drawing the loan proceeds affects the proposed bottom line of the 2020 District Budget. Director McGannon asked if there were significant changes in the current version of the Budget as opposed to the version that was presented in September. Manager Beasley explained that only changes noted in the October and November Board packet differ in this version as opposed to the version of the Budget presented in September.

A motion was entered to approve:

Resolution 2019-30 to adopt 2020 District Budget;

Resolution 2019-31 to appropriate sums of money; and

Resolution 2019-32 to set the mill levy

**Motion:** Heidi Tackett

**Second:** Steve Tinnes

**Vote:** All Directors present voted in favor.

**RESOLUTION 2019-33 APPROVING AN INCREASE TO THE STAFF MANAGED CONTINGENCY SUPPORTING THE POTABLE PIPELINE REPLACEMENT PROJECT**

There were no questions outside of the explanation provided in the memo. A motion was entered to approve Resolution 2019-33.

**Motion:** Russ Hokanson

**Second:** Jim McGannon

**Vote:** All Directors present voted in favor.

**ATTORNEY REPORT**

Joe Kinlaw presented the monthly Attorney Report. Most of the time this month was spent on making sure statutory deadlines were met properly regarding the rates and fees and District Budget. He informed the Board he planned to present an engagement letter to continue providing general counsel services next year. There was a discussion regarding the Canyons South agreements and status of the project. The Board asked to provide a memo next month with some background information and status of the agreements.

**ACCOUNTANT REPORT**

Kevin Collins presented the October 31, 2019 financial statements. There was a discussion about the debt-to-equity ratio listed on the Variance Report. Mr. Collins will provide an answer to Secretary Tackett regarding the strange patterns of numbers for the Water Project Fee collected each month. Director McGannon asked about the form of engagement letter from CliftonLarsonAllen (CLA) and whether it is like the engagement letters from the attorney. Mr. Collins explained the Evergreen Letter that the District holds with CLA. Director McGannon would like to see a copy of the Evergreen Letter from CLA. Director McGannon also asked to have the company name noted somewhere in the packet. Manager Beasley will provide that information on the Board agenda moving forward. There was also a discussion about any restrictions on how the District spends its money. Secretary Tackett would like to know if the District is legally bound to manage water and wastewater rate revenue a specific way. Mr. Kinlaw will work with Mr. Collins to provide a memo in January outlining known restrictions.

**TREASURER REPORT**

Treasurer Tinnes discussed the status of the District's net worth, working capital and debt to equity. He presented the District's October Disbursement and Interim reports for approval. There was a motion to approve the interim payments of \$964,171.57 and the current disbursements in the amount of \$317,665.57. Manager Beasley updated the Board on the status of Tap Fees paid. She provided information suggesting that there would be more tap fees purchased than budgeted (63) for in 2019. She also noted that the District is currently 75% built out.

**Motion:** Steve Tinnes

**Second:** Heidi Tackett

**Vote:** All Directors present voted in favor.

**MANAGER REPORT**

Manager Beasley updated the Board on items of importance to the District. There was discussion about the WISE Project and when the District will be accepting WISE water. The developer building the pipeline from Parker to the Chapman Pump Station will not be complete. WISE water hasn't been

available for the past two months. She also update the Board on the rate increase for WISE water in 2020. It will be \$5.99 per kgals in 2020. Manager Beasley discussed with the Board a commercial development along the northern border of the District. It appears that the wastewater will not drain by gravity to the District's WWTP due to topography on the parcels. She outlined possible solutions that could include letting the portion of the property that will not flow to the WWTP leave the District and include into Parker Water and Sanitation District. Another solution would be to enter into an agreement to have a portion of the District's wastewater flow be treated by Parker WSD and returned somehow.

#### **EXECUTIVE SESSION**

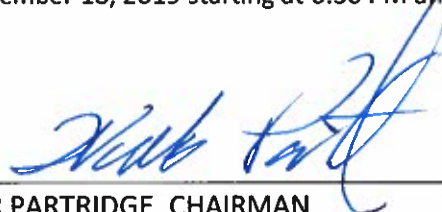
Manager Beasley presented to the Board Exhibit A in the proposed employment contract that lists District Manager Goals for the organization in 2020. There was discussion about putting the revision of the Rules and Regulations onto the goals sheet. This task ended up being assigned to Joe Kinlaw in 2020.

A motion was made By Director McGannon to approve the 2020 Performance Goals and it was seconded by Director Hokanson. All Directors present voted in favor.

At 8:03 PM, there was a motion to enter Executive Session pursuant to C.R.S. 24-6-402(4) (f) to discuss personnel matters relative to the District Manager's employment contract. All directors present voted in favor. Manager Beasley excused herself from the meeting.

A motion was made to exit the Executive Session at 8:30 PM. All directors present voted in favor of the motion. For the record, Mr. Kinlaw stated that no decisions were reached, and no formal action was taken by the board during Executive Session. The Board then directed Mr. Kinlaw and Manager Beasley to finalize the employment contract based on the night's discussion.

There being no additional business to come before the Board, Chairman Partridge noted the time of the next meeting on Wednesday December 18, 2019 starting at 6:30 PM and adjourned the meeting at 8:45 PM.



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WALTER PARTRIDGE, CHAIRMAN  
DENVER SOUTHEAST SUBURBAN WATER & SANITATION DISTRICT

ATTEST:



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HEIDI TACKETT, BOARD SECRETARY