

**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 Monday October 21 (rescheduled from October 23, 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 told the Board about his experiences at the SDA Annual Conference in September. He mentioned that one of the lunchtime keynote speakers was one of the best he's ever heard.

Chairman Partridge clarified that Treasurer Tinnes would be responsible for the article from the Board in the next newsletter. He also passed along an address to Manager Beasley to investigate potential property damage related to the Potable Pipeline Replacement Project.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Derek Brown, a member of the Water Efficiency Task Force and Pinery resident thanked the Board for the opportunity to listen and to the Board's apparent dedication to fiscal responsibility.

MINUTES OF THE SEPTEMBER 17 SPECIAL BOARD MEETING

The minutes for the September 17 Special Board meeting were approved with revisions.

Motion: Heidi Tackett

Seconded: Russ Hokanson

Vote: All Directors present voted in favor.

CONSENT AGENDA:

RESOLUTION 2019-23 APPROVING EASEMENT AGREEMENTS WITH TIMBERS DEVELOPMENT GROUP

A motion was entered to approve Resolutions 2019-23.

Motion: Heidi Tackett

Second: Russ Hokanson

Vote: All Directors present voted in favor.

ITEMS FOR BOARD ACTION AND/OR DISCUSSION:

RESOLUTION 2019-24 APPROVING AN AMENDMENT TO THE COLORADO PUMP PROFESSIONAL SERVICES AGREEMENT

This agreement was amended to accommodate a change to insurance limits and the total cost of the services provided. A motion was made to approve Resolution 2019-24.

Motion: Walter Partridge

Seconded: Heidi Tackett

Vote: All Directors present voted in favor.

RESOLUTION 2019-25 APPROVING A REIMBURSEMENT AGREEMENT WITH TIMBERS DEVELOPMENT

This reimbursement agreement is to pay the developer for infrastructure installed by their contractor for the District's own use. A motion was made to approve Resolution 2019-25.

Motion: Jim McGannon

Seconded: Russ Hokanson

Vote: All Directors present voted in favor.

DISCUSSION AND CALL FOR PUBLIC HEARING REGARDING THE 2020 DISTRICT BUDGET

There was minimal discussion about the draft of the 2020 District Budget. Treasurer Tinnes asked how the public was notified about the budget. Director McGannon suggested to remember to discuss the reason for the deficit in the annual budget. A motion was made to call a Public Hearing regarding the proposed 2020 District Budget.

Motion: Walt Partridge

Seconded: Russ Hokanson

Vote: All Directors present voted in favor.

DISCUSSION AND CALL FOR PUBLIC HEARING REGARDING 2020 DISTRICT RATES AND FEES AND 2020 TAP FEES

Treasurer Tinnes asked where the numbers in the table included in the Board Packet came from. Manager Beasley explained that the assumptions used in the 2017 Rates and Fees Study are different from the actual revenues and expenses for the past 3 years. A motion was made to call a Public Hearing regarding the proposed 2020 District Rates and Fees and 2020 Tap Fees.

Motion: Walt Partridge

Seconded: Heidi Tackett

Vote: All Directors present voted in favor.

ATTORNEY REPORT

Joe Kinlaw presented the monthly Attorney report. He updated the Board on the status of the Canyons South assignment agreements. Mr. Kinlaw also discussed his desire to update the District's Rules and Regulations. Secretary Tackett volunteered to assist in the effort once it kicks off.

ACCOUNTANT REPORT

Kevin Collins presented the September 30, 2019 financial statements. Secretary Tackett asked Mr. Collins about why there was a dip in the water project fee revenue collected from 2012 to 2013. Mr. Collins will investigate that and be prepared to discuss next month. Mr. Collins also discussed a financial projection that he prepared to assist the Board decide on whether to pay off debt or hold it in cash

balance to fund future capital projects. Secretary Tackett asked if the current capital improvements plan is inclusive of all the projects necessary in the next 10 years. Manager Beasley confirmed that it is inclusive.

The Board also discussed the idea of an operating contingency fund. Mr. Collins believes, based on his experience and understanding of the District's financial situation that the District should have at least \$2.5M of cash reserves. There was a motion to develop a written contingency fund policy.

Motion: Jim McGannon

Second: Heidi Tackett

Vote: All Director's present voted in favor.

Secretary Tackett suggested that next year, when developing a more detailed financial plan to support the update to the Rates and Fees, we run some further scenarios that will give more detailed information about the District's financial future. The Board agreed to do this work next year in concert with the Rates and Fees Study. Manager Beasley suggested to forgo any future borrowings against the Colorado Water Conservation Loans in the meantime until more detailed information was available with the completion of the Study. There was a motion to forego any further CWCB loan disbursements until a decision is made to draw on those funds again in the future.

Motion: Walt Partridge

Second: Jim McGannon

Vote: All Directors present voted in favor.

TREASURER REPORT

Treasurer Tinnes discussed the status of the District's net worth, working capital and debt to equity. He presented the District's September Disbursement and Interim reports for approval. There was a motion to approve the interim payments of \$794,874.45 and the current disbursements in the amount of \$133,257.20.

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. The Board discussed deciding on District Manger goals for 2020 at the next meeting. There being no additional business to come before the Board, Chairman Partridge noted the time of the next meeting will be determined through an email poll of the Board members and adjourned the meeting at 8:55 PM.



WALTER PARTRIDGE, CHAIRMAN
DENVER SOUTHEAST SUBURBAN WATER & SANITATION DISTRICT

ATTEST:



HEIDI TACKETT, BOARD SECRETARY

