

**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 9, 2011 at the main office, the time and place of the meeting according to the posted notices. Present were District Board Members - David Eyre, Walter Partridge, Heidi Tackett, and Rod Bergholm, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and members of the District staff – Bill Morgan and Rhonda Lancaster.

A motion was entered to excuse the absence of Chairman Robert Chapman from the meeting.

Motion: David Eyre

Second: Heidi Tackett

Vote: All Directors present voted in favor.

A motion was entered to appoint Vice Chairman Eyre to preside as acting Chairman in Robert Chapman's absence.

Motion: Heidi Tackett

Second: Walter Partridge

Vote: All Directors present voted in favor.

Vice Chairman Eyre called the meeting to order at 6:05 p.m. and established the presence of a quorum.

Minutes of the January 12, 2011 Regular Board Meeting were read and approved.

**PUBLIC RESPONSE**

None

**DIRECTOR'S BUSINESS**

Director Eyre asked Manager Krogh if the District has had any issues with people getting onto Bingham Lake. He is concerned about the safety of the ice on the Lake. Manager Krogh said he will follow up with the Douglas County Rangers who patrol the Lake area and find out if they have had any problems.

## **ITEMS FOR BOARD ACTION AND DISCUSSION:**

### **PUBLIC HEARING ON AMENDMENT OF THE 2010 BUDGET**

The District needs to amend the 2010 budget for the additional revenue that resulted from the 2010 Bond Issue. The public hearing for the budget amendment was advertised for the February Board meeting. A motion was entered to open the Public Hearing.

Motion: David Eyre

Second: Rod Bergholm

Vote: All Directors present voted in favor.

Acting Chairman Eyre then asked for testimony from the Public on the proposed Amendment. No Public was present. Acting Chairman Eyre then closed the Public Hearing. District Accountant Kevin Collins confirmed to the Board the reason for the Amendment which reflects the revenue received in 2010 from the Bond Issue that was not included in the approved 2010 Budget. The bond issue revenue was used to refinance two existing bonds with Wells Fargo and to provide financing for capital projects. A motion was entered to approve Resolution 2011-3 amending the 2010 Budget.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

### **TASK ORDER WITH MWH FOR ENGINEERING ASSISTANCE FOR HANDRAIL AND CLARIFIER MECHANISM REPLACEMENT**

The District will be replacing the clarifier mechanisms in clarifiers 1 and 2 and modifying the mounting of the handrails that were originally done in 1991. Much of the design and specification work will be done by District staff with assistance from MWH who has been the engineer for all of the construction work at the wastewater treatment plant. After a brief discussion a motion was entered to approve task order 19 with MWH not to exceed \$12,000.00.

Motion: David Eyre

Second: Walt Partridge

Vote: All Directors present voted in favor.

### **WELL INSPECTION AND REHABILITATION CONTRACT**

The District has budgeted \$221,000 for inspection and rehabilitation of four of its wells. This work needs to be accomplished prior to the irrigation season. The cost proposal presented to the Board includes the status of each of the four wells along with any known repairs that will need to be done when the wells are inspected and cleaned. There is the possibility that when inspections are done there will be additional repairs or maintenance that may be needed. The request is for the Board to approve the \$221,000 that was budgeted for this work.

Director Bergholm asked the Manager what would happen if the maintenance

work identified once the pumps are removed would exceed the budgeted amount. Manager Krogh stated that staff would not exceed the authorized amount without additional Board approval and/or direction as to whether the District should move forward with any additional expenditures at that point. A motion was entered to authorize the District Manager to enter into an agreement with HydroResourcenot to exceed the budgeted amount of \$221,000 for inspection, cleaning and well equipment replacement and rehabilitation for Wells 7,9 and N and O.

Motion: David Eyre

Second: Heidi Tackett

Vote: All Directors present voted in favor.

### **LEASE AGREEMENT WITH AT&T**

The Lease agreement with AT&T has been pending for 2 years now to locate a cell tower at the District's Reservoir 7 site. The issue with obtaining the deed to the property has been completed and the District is now ready to enter into a lease agreement. The County approval process has not been started yet, and there will be the public outreach as well. AT&T will be required to plant 6 trees around the antenna site as well as remove IREA poles at the site and have the power lines buried. The cost of power pole relocation will be split between AT&T and the District. The District's share of the cost sharing will come out of the proceeds of the lease. Manager Krogh suggested to the Board to approve the agreement with AT&T which will bring \$1,100 per month escalating at 3% per year to the District. Director Tackett asked the Board and staff if the District could pledge the revenue to renewable water projects. Accountant Kevin Collins confirmed that the monies from the lease have already been pledged to go toward paying off capital, but could be accounted for separately to make sure it is all used for projects. A motion was entered to approve the lease agreement with AT&T. Director Eyre requested staff to provide pictures of cell phone towers at other sights to show the Board.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: All Directors present voted in favor.

### **ATTORNEY'S REPORT**

District Legal counsel Jim Folkestad reported to the Board regarding activities he and his staff are working on for the District:

- Mr. Folkestad thanked the Board for visiting his office and meeting his staff.
- Canyons South – Letter of Credit has been renewed. It is in effect until February 12, 2012.

Director Eyre asked how the update of the 1998 District Rules and Regulations project is progressing. Mr. Folkestad stated that he hopes to have a draft of the incorporated amendments to the Rules and Regulations by mid year.

## **ACCOUNTANT'S REPORT**

Accountant Kevin Collins of Clifton Gunderson provided an overview of selected significant variances compared to the three year average through December 31, 2010, along with the District's Financial Statements as of December 31, 2010:

- Water operating revenues are above average when compared to the three-year average budget through December.
- Water operating expenses are over budget through December with the largest variances due to repairs and maintenance and employee benefits.
- Sewer charges are above the three-year average budget through December.
- Sewer operating expenses are below the three-year average budget through December.
- Non-operating revenues are significantly higher than budget through December 31, 2010.
- Non-operating expenses are in line with the budget.
- Debt service expenses are over budgeted amounts due to paying off the 2003 Refinancing note and the 2005 Western water rights note.
- Capital outlay is under budget through December 31, 2010.

Mr. Collins verified for the Board the amount of revenue from Ground Water Protection Fees collected in 2010 that has been moved into restricted fund for groundwater protection.

Mr. Collins reported to the Board that these may not be the final numbers for the District's Financial Statements through December 31, 2010 until the audit is finalized.

## **TREASURER'S REPORT**

Director Bergholm presented the Treasurer's Report for Board approval for the month of January 2011. A motion was entered to issue checks as written in the amount of \$274,514.04, and \$7,535.99 for the interim report.

Motion: Rod Bergholm

Second: David Eyre

Vote: All Directors present voted in favor.

## **DISTRICT MANAGER'S REPORT**

District Manager Krogh presented the Board with several items of importance to the District:

- Update on Well V and Pump Station 4 project – Construction delays because of the cold weather. Expecting substantial completion by end of April, 2011.
- WISE Lunch Meeting – Manager Krogh verified with the Board who still needed to RSVP to the March 1 luncheon at 11:30 at Inverness Hotel.
- Certification of Property Tax issue – Manager Krogh handed out a report showing the District's vacant lot accounts with unpaid RTS fees. There will be a process during the year, including notification of customers with

the unpaid accounts in June and a public hearing in August, before certification of property taxes in the fall.

- Bingham Lake – A District customer forwarded information to our office from the DOW regarding the zebra mussel infestation and their policy. This customer has suggested that the District reopen the Lake to hand launched boating. The Board agreed that prevention is the best policy regarding keeping the possibility of infestation from entering the Lake and into the District's water system. Fishing from the shore is acceptable boating or floating on the lake is not allowed.

## **EXECUTIVE SESSION**

At 8:15pm the Board voted to move into Executive Session pursuant to C.R.S. Section 24-6-402(4) (e) to determine the District's position and C.R.S. Section 24-6-402(4) (g), to consider documents protected by the "Open Records Act" for the discussion on Water Rate Design.

Motion: Heidi Tackett

Second: Walter Partridge

Vote: All Directors present voted in favor.

The next subject for Executive Session is pursuant to C.R.S. Section 24-6-402(4) (b) to receive legal advice of Legal Counsel regarding District Water Rights.

After the Executive Session, Jim Folkestad stated that all of the discussion in the Executive Session constituted a privileged attorney-client communication and therefore, no record or electronic recording was required to be kept of that discussion. Jim Folkestad further stated that the Board did not adopt any proposed policy, position, resolution, rule, regulation, or formal action with respect to the matters discussed during the Executive Session.

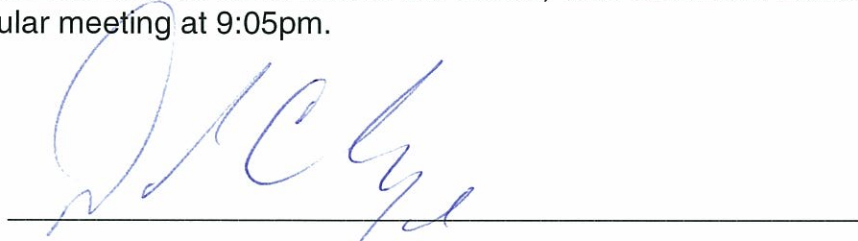
At 9:00pm a motion was entered to adjourn from Executive Session and re-enter into public session.

Motion: Heidi Tackett

Second: Rod Bergholm

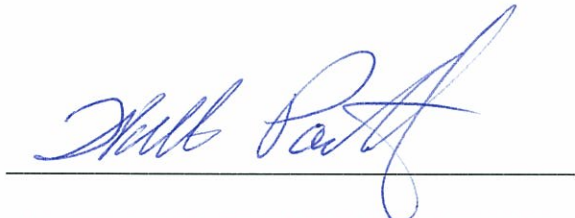
Vote: All Directors present voted in favor.

There being no further business to come before the Board, Vice Chairman David Eyre closed the regular meeting at 9:05pm.

A handwritten signature in blue ink, appearing to read "D. Eyre", is written over a horizontal line.

DAVID C. EYRE, VICE CHAIRMAN OF THE BOARD  
OF DIRECTORS, DENVER SOUTHEAST SUBURBAN  
WATER & SANITATION DISTRICT

ATTEST:

A handwritten signature in blue ink, appearing to read "Walter Partridge", is written over a horizontal line.

WALTER PARTRIDGE, SECRETARY