

**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 13, 2011 at the main office, the time and place of the meeting according to the posted notices. Present were District Board Members – Robert Chapman, David Eyre, Walter Partridge, Heidi Tackett, and Rod Bergholm, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant - Kevin Collins, and District staff –Rhonda Lancaster.

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

Minutes of the June 1, 2011 Special Board Meeting were read and approved.

**PUBLIC RESPONSE**

None

**DIRECTOR'S BUSINESS**

None

**ITEMS FOR BOARD ACTION AND DISCUSSION:**

**CREDIT CARD PAYMENT FEE**

The Board and staff held a lengthy discussion to determine what kind of fee should be passed on to the customers who choose to use the credit card payment option once it is in place and offered by the District. Three options were presented to the Board for consideration. The first option is to have the District absorb 100% of the transaction fee, second is to have the customer pay 100% of the fee, and the third option would be a split in the fee cost by customer and the District. The staff recommended that the District establish a \$3.50 transaction fee now, and with anticipated low participation until the credit card payment option is advertised in 2012, it would be a minimal cost for the District to absorb to cover the remaining fee amount until monthly billing begins next year. The Board decided to table the discussion until November with a recommendation that the District delay starting up the credit card payment option until 2012 and implement it at the same time that monthly billing is started, with all transaction fees going to the customer. A motion was entered to bring this item back for discussion at the November 2011 Board meeting and to authorize the District to enter into service agreements with Inhance, Transaction Warehouse, and Point & Pay that will provide a credit card payment option to District customers.

Motion: Walter Partridge

Second: Heidi Tackett

Vote: All Directors present voted in favor.

### **RADIO READ METERS**

The District's study on converting over to radio read meters has progressed more quickly than anticipated and staff would like to begin installation of 600 of the new meters as soon as possible so that a good number of the meters are in place before staff makes the transition to monthly billing along with the new technology of the radio read meters. Staff evaluated and installed meters into the District system from Sensus, Neptune, and Badger manufacturers, and based on the pilot testing, discussions with users of the three different meters, evaluation of cost, warranty, and District experience with Sensus meter support, the recommendation is to go with the Badger radio read meters. A motion was entered to authorize the purchase of 600 Badger water meters, start up package and mobile handheld reading unit, and \$25,000 for meter installation, for a total not to exceed \$137,900.00.

Motion: Heidi Tackett

Second: David Eyre

Vote: All Directors present voted in favor.

### **DEVELOPER SERVICE AGREEMENT WITH FORESTAR REAL ESTATE GROUP, INC.**

The Board was presented with the draft of the Developer Service Agreement with Forestar Real Estate Group, Inc. The completed draft is ready for approval. This agreement provides the framework for development of the property on the west side of Parker Road and North Pinery Parkway. The agreement provides for a supplemental agreement which is called a Subdivision Improvements Agreement (SIA). After a brief discussion the Board entered into a motion to approve the Developer Service Agreement with Forestar Real Estate Group, Inc., acknowledging modifications to be made by general counsel as discussed.

Motion: David Eyre

Second: Rod Bergholm

Vote: All Directors present voted in favor.

### **CONTRACTOR SELECTION FOR CLARIFIER AND HANDRAIL PROJECT AT THE WASTEWATER TREATMENT PLANT**

District staff recommends that the Board award the contract to Garney Construction for the Clarifier and Handrail Project at the Wastewater Treatment Plant.. The Board and staff discussed the details of the small project which the District will be providing much of the equipment for. A motion was entered to approve the award to Garney Construction in the amount of \$59,300 and authorize the Manager to sign the contract.

Motion: Robert Chapman

Second: Walter Partridge

Vote: All Directors present voted in favor.

## **PROPOSAL FROM MULHERN MRE FOR EASEMENTS FOR WELL H PROJECT**

Task 2 of the Well H project located at the south boundary of the District consists of providing a cost proposal for obtaining the easements for the Well H complex, pipe lines and access road. This is the next task needed to have the Well H complex on-line in 2012. A motion was entered to authorize the District Manager to enter into an agreement with Mulhern MRE, Inc. in the amount of \$47,100 for the scope of work submitted in Mulhern MRE's July 8, 2011 proposal and authorize the Manager to spend up to \$50,000 if required to complete Task 2.

Motion: Walter Partridge

Second: Robert Chapman

Vote: All Directors present voted in favor.

## **ATTORNEY'S REPORT**

Attorney Jim Folkestad provided the Board with an outline of what he and his staff have been working on for the District and covered the following items at the meeting:

- An updated schedule for the Certification of Outstanding RTS fees to Douglas County Treasurer for Collection as Property Taxes – by July 22, 2011 the District will be mailing letters to property owners with outstanding fees owed.
- Canyons Letter of Credit – Mr. Folkestad recommended that the Board appoint a committee to approve the Assignment Contract for the proposed Letter of Credit. A motion was entered to appoint a committee consisting of Robert Chapman and Rod Bergholm.

Motion: Robert Chapman

Second: David Eyre

Vote: All Directors present voted in favor.

## **ACCOUNTANT'S REPORT**

Accountant Kevin Collins of Clifton Gunderson provided an overview of the financial statements for May 31, 2011 along with the Schedule of Cash Position as of May 31, 2011 and updated June 24, 2011.

- Water operating revenues and expenses are consistent with four-year average budgeted amounts.
- Sewer operating revenues and expenses are consistent with four-year average budgeted amounts.
- Non-operating revenues are consistent with four-year average budgeted amounts. Outside services is over budget due to a rate study invoice being paid in February. Accounting and audit is over budget due to the audit work being completed in April.
- Debt service expenses are within the current year budget.

## **TREASURER'S REPORT**

Director Bergholm presented the Treasurer's Report for Board approval for the month of June 2011. A motion was entered to issue checks as written in the

amount of \$584,070.87, and \$249,885.80 for the interim report #1, and \$5,076.17 for interim report #2. Two interim reports were presented because of the early Board meeting in June.

Motion: Rod Bergholm

Second: Robert Chapman

Vote: All Directors present voted in favor.

Manager Krogh added that the last loan payment on the District's 1989 Loan is due August 1<sup>st</sup>. The payment will be reduced by \$120,000 because of some earnings credits that have been applied to the loan. Director Eyre requested for this news to be announced in a future newsletter to the customers.

## **DISTRICT MANAGER'S REPORT**

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

- WISE update – Draft Agreement from Denver and Aurora has been received and will now be reviewed by legal counsel. Formal request for Letters of Intent from Denver and Aurora will be arriving around August 1. The Board will need to make a decision in September.
- Douglas County Commissioner Rapella is making the rounds to water providers' Boards to promote the WISE project. Chairman Chapman and Director Eyre requested that Manager Krogh invite Commissioner Rapella to attend a future Board meeting.
- Wildfire Planning – The District has submitted comments to be implemented into South Metro Fire's planning for Misty Pines, the Timbers, and the Pinery.
- Manager Krogh presented the Board with a midyear financial and economic review and an update on the projects in progress within the District. Also presented was a wage and benefit graph that shows 35% of wage costs cover benefits.
- Tap fees – Through June the District has sold 9 taps. One has been sold already in July with 4 in progress. The 2011 plan for tap sales is 15.
- Celebrity Homes plans to present Pradera subdivision plans this month for start up next year.
- EPA sampling of Bingham Lake – The USGS has contacted the District to request permission to perform sampling at Bingham Lake as part of a state wide project. Manager Krogh gave the USGS contact information, but the Board will have to make the decision to approve the request, likely in 2012.
- Solheim Cup – The 2013 Solheim Cup Golf Tournament will be held at Colorado Golf Club. District staff met with LPGA staff last week to discuss water and sewer needs for the tournament and also parking on the Cherry Creek Project Water Authority property. The anticipated attendance will be over 120,000 for the event.

**EXECUTIVE SESSION**

At 8:40pm the Board voted to move into Executive Session pursuant to C.R.S. Section 24-6-(4)(e) to determine the District's position on matters that may be subject to negotiations and for developing strategy for negotiations concerning the District's Wastewater Treatment Plant Draft Permit Comments.

Motion: David Eyre

Second: Rod Bergholm

Vote: All Directors present voted in favor.

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 8:55pm a motion was entered to adjourn from Executive Session and re-enter into public session.

Motion: Robert Chapman

Second: David Eyre

Vote: All Directors present voted in favor.

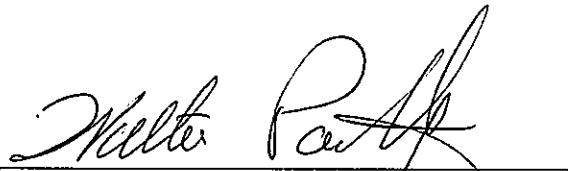
There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 8:55pm.



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

ATTEST:



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WALTER PARTRIDGE, SECRETARY