

MINUTES OF THE BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
DENVER SOUTHEAST SUBURBAN WATER
AND SANITATION DISTRICT

A special meeting of the Board of Directors of the Denver Southeast Suburban Water and Sanitation District was held on Wednesday September 7, 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 via phone and District staff –Rhonda Lancaster and Bill Morgan. John Kopasz a customer of the District was in attendance for the Public Hearing.

Chairman Chapman called the meeting to order at 6:10 p.m. and established the presence of a quorum.

The Minutes of the August 10, 2011 Regular Board Meeting were read and approved.

PUBLIC HEARING FOR CERTIFYING PAST DUE FEES FOR COLLECTION AS PROPERTY TAXES

Chairman Chapman stated that all the affected property owners have received notices, that the notices were proper, and that the Board has jurisdiction to hold this hearing.

Chairman Chapman then opened the Public Hearing.

John Kopasz, owner of Castle Peak Homes gave testimony to the Board regarding his two vacant lots in the Timbers that are included in the past due RTS fees due to the District. He explained to the Board that he is negotiating with a new lender and should be able to pay the delinquent charges on both accounts before the October 14, 2011 deadline.

There was no other public present for testimony so Chairman Chapman closed the Public Hearing.

The Board discussed the Resolution for certifying the past due readiness to serve fees with Douglas County then entered a motion to approve Resolution 2011-4 that will allow the District to collect the past due fees for the 25 properties through property taxes, the board also noted that the list of properties with past due fees will be updated prior to filing with the County.

Motion: David Eyre

Second: Walt Partridge

Vote: All Directors present voted in favor.

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

None.

DIRECTOR'S BUSINESS

Director Partridge inquired about the medical plan concept that staff presented to the Board a few months ago and would like an update on the forecast for rates in 2012. Manager Krogh will provide an update as soon as possible. Quotes for 2012 insurance are due to the District prior to November 1st.

ITEMS FOR BOARD ACTION AND DISCUSSION:

SEWER LINING PROJECT

The Board reviewed a proposal from Reynolds Inliner for lining 1,335 feet of sewer and cutting of ground rod for the District. Staff is requesting a 5% contingency. The proposed amount is within the planned 2011 budget. A motion was entered to approve the proposal from Reynolds Inliner, Inc. for sewer lining and ground rod removal in the amount not to exceed \$40,000 including the 5% contingency.

Motion: David Eyre

Second: Walt Partridge

Vote: All Directors present voted in favor.

AWARD OF CONTRACT FOR DRILLING OF WELL W

Bids were received from two drilling companies for the drilling, casing and testing of Well W, a Lower Dawson Well that will replace Well I. Well I was drilled in 1974 but never put into service by the District. The new well will be located on the north side of Bayou Gulch Road east of Cherry Creek in the Pinery Glen development. The low bidder was Layne Christensen in the amount of \$259,744. The second bidder was Hydro Resources whose bid was \$297,033. District staff and HRS Water Consultants both recommend awarding the bid to Layne Christensen.

A motion was entered to authorize the District Manager to accept the proposal submitted by Layne Christensen for Well W drilling, casing and testing not to exceed \$270,000 including a \$10,000 contingency for the work.

Motion: David Eyre

Second: Heidi Tackett

Vote: All Directors present voted in favor.

RADIO READ METERS

The Board was asked to authorize the purchase of an additional 800 Badger water meters. The 600 meters that were approved for purchase in July have been installed and staff would like to continue with the meter replacements during the nice weather. The District has sufficient funds in the 2011 capital

budget to continue with the meter replacement program. A motion was entered to approve the purchase of 800 additional Badger water meters with radio transmitters for a total of \$149,400.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

WISE PROJECT REPORT

Manager Krogh updated the Board on the significant activities that are planned for the next few weeks.

- The original plan to go public with the WISE Project has been delayed. Once it is made public, a copy of the agreement will be available to the Board.
- Manager Krogh's interview with The Denver Post has been delayed.
- Castle Rock Town Council will listen to presentations from four responders to their RFP on September 14th.
- October 25, 2011 Castle Rock Town Council will decide which project to support and participate in.
- Around November 1 SMWSA will respond to Aurora/Denver with desire to participate in the Project. The District will need to decide on its participation at the October Board Meeting. Manager Krogh suggested that the Board schedule a special meeting to further discuss and make decisions about the District's involvement in the Project before the October Board Meeting.

The Board agreed that it is a good idea at this time to go ahead and vote to proceed with funding the District's portion of the disinfection byproduct (DBP) Formation Bench testing exercise that will help in understanding the potential for water quality issues as new water supplies are taken in by South Metro communities that participate in the WISE Partnership. A motion was entered to approve the contract with CH2M Hill for \$10,000 to proceed with the testing exercise that will take place at Aurora Water's lab.

Motion: Robert Chapman

Second: Rod Bergholm

Vote: All Directors present voted in favor.

ATTORNEY'S REPORT

Attorney Jim Folkestad, general counsel for the District provided an update to the Board regarding the latest on current projects he and his staff are working on for the District.

- Canyons – Foreclosure: The replacement letter of credit naming both Canyons South, LLC and LC Macanta, LLC as "applicant" that complies with the Service Agreement has been received.
- Emergency Connection and Reimbursement Agreement with Town of Castle Rock: District staff has sent the revised Agreement to the Town of Castle Rock.

- Well W – Pinery Glen HOA: Easement Agreements were submitted to the HOA and legal counsel has received final comments from its attorney. Final easement documents should be available soon. Title work has been reviewed.
- Little Meadow Court – Pinery 28B: The Easement Deed and Agreement for the Tract A Sewer line has been recorded. Title policy is in final stages.

ACCOUNTANT’S REPORT

Accountant Kevin Collins with Clifton Gunderson prepared the July 31, 2011 financial statements and provided them to the Board and staff. Mr. Collins was not present at the meeting so the Board and staff discussed the information.

- **Water Revenues and Expenses-** consistent with four-year average budgeted amounts.
- **Sewer Revenues and Expenses** – revenues consistent with four –year average budgeted amounts. Expenses are greater due to sludge disposal costs through July.
- **Non-Operating Revenues and Expenses** – higher than four-year average budgeted amounts mainly due to water tap fees coming in higher than budgeted amount. Late charges are again above budget for 2011. Expenses are over budget due to legal expenses spent on a number of agreements that have taken time to negotiate, including The Pinery West Developer Service Agreement and Canyons LOC Change.
- **Debt Service** – Expenses are within the current year budget.
- **Capital Outlay** – Under budget through July, 2011.

TREASURER’S REPORT

Director Bergholm presented the Treasurer’s Report for Board approval for the month of August, 2011. A motion was entered to issue checks as written in the amount of \$381,751.35 and \$17,678.85 for the interim report.

Motion: Rod Bergholm

Second: Heidi Tackett

Vote: All Directors present voted in favor.

Director Partridge issued a request to staff to develop a work order type of report to be included in the monthly water report that would list the service line breaks and leaks that the District calls EPR in to repair.

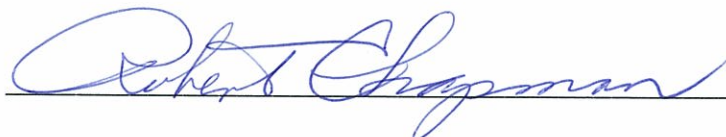
DISTRICT MANAGER’S REPORT

Manager Krogh presented the Board with an update on what is going on around the District:

- Insurance claim at 7695 E. Hillgate Way – The District’s insurance carrier has settled with the homeowner for the water damage. The claim stayed within the \$10,000 no-fault coverage the District has. There is a \$500 deductible the District will need to pay.

- Water Main Break on Lakeshore Drive – The 8” water main was repaired and Manager Krogh had photos of the project for the Board to review.
- WWTP Clarifier Project Update – Parts have been delivered, some were wrong so they have been returned and correct parts ordered. Work is to begin on Monday the 19th.
- Well H – Progress is being made in obtaining easements. The District is looking at use of directional drilling for getting pipeline under Cherry Creek and across Prebles Mouse habitat. We will need to tunnel and sleeve under Parker Road.
- SDA Conference – Conference registration information was distributed to the Board.
- Pump Station 2 tagging– Manager Krogh showed the Board pictures of the graffiti that was done to the District’s facility last week. Fortunately the District’s facilities have anti-graffiti coating on them to aid in the removal.
- Water break history – District staff prepared a map showing all of the water system repairs that have been made in the past two years. Manager Krogh handed the map out for the Board to look at.

There being no further business to come before the Board, Chairman Robert Chapman closed the regular meeting at 8:05pm.



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

ATTEST:



WALTER PARTRIDGE, SECRETARY