

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, AUGUST 4, 2011**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman; Doralyn Genova, Secretary; Dale Peck, Treasurer; Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; David Foster; Kelly McLaughlin; Terry Sykes

GUESTS: Joe Drew via phone at 6:05 p.m.

REGULAR MEETING

Chairman Burger called the Regular Meeting to order at 5:00 p.m. The District's new Plant Supervisor, Terry Sykes, was introduced. One additional item was added to the agenda under New Business: Staff Report Regarding Wes Harlan Tap Relocation Request. Mary Brenes, CPA, had been scheduled to review the 2010 Audit at this meeting but had to cancel. Brenes will be re-scheduled for the September meeting.

MINUTES OF THE JUNE 2, 2011 REGULAR MEETING

Director Genova moved to approve the July 7, 2011 Regular Meeting Minutes (*2011 Minutes*) with the correction of one typographical error on page 1 and with additional information regarding the preparation of new reports during the Financial Report and Accounts Payable section on page 1. Director Norman seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept the Financial Report and approve Accounts Payable Regular Checks of \$136,373.74 plus HRA Disbursements of \$4,047.10 plus Benefits Checks of \$19,300.48 plus Supplemental Checks of \$62,320.42 for a total of \$222,041.74. Director Peck seconded the motion. Accountant Foster distributed revised Profit and Loss Statements and Cash Flow Statements for January, 2011 through June, 2011. The previously distributed Profit and Loss and Cash Flow Statements included a repetitive spreadsheet calculation error that has been corrected on the revised documents. He also noted that the District's Reserves at the end of each month are now shown on the Balance Sheet. The motion passed unanimously.

David Foster left the meeting at 5:20 p.m.

MANAGER'S REPORTS

Manager Tooker reviewed the Manager's Reports. It was noted that water sales are down this year. Assistant Manager Reinertsen presented the Construction Reports. The Credit Card Report was not included in the packet and will be copied to the Board at the September meeting.

STAFF REPORTS

Overview of City of Grand Junction Water Agreement – Manager Tooker presented the Board with a Staff Report (8/4/11 File, 2011 Staff Reports) summarizing the 1977, 1981, 1990 and 1998 Water Exchange Agreements between the District and the City of Grand Junction. The City is entitled to request up to 4.5 million gallons of water per day in exchange for their financial participation in the construction of the District's water treatment plant and distribution improvements in 1977. Copies of the August 10, 1990 and the August 8, 1998 Agreements were provided to the Board.

2011 Customer Service and Billing Mid-Year Data Summary – A Staff Report (8/4/11 File, 2011 Staff Reports) was reviewed by the Board itemizing InfoSend Bill Print and Mail costs, Billed Revenue 2011 versus 2010, and Discontinuation of Service, Property Transfers, Taps Sold and Availability of Service data for 2011.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda as submitted. Director Hassler seconded and the motion passed unanimously. The Express Agenda item is as follows:

1. Project 2009-04 Colorado River Intake Structure – The required electrical service upgrade for the project has been completed. Work has progressed with the installation of pump well components as well as control building components. Electrical subcontractor continues electrical component installation. Contractor has assured staff that the project will be complete as per the revised completion schedule of September 1, 2011.

UNFINISHED BUSINESS

2010 Audit – Manager Tooker reported that the 2010 Audit was submitted to the State Auditor's Office as required by Statute prior to July 31, 2011. This submittal had been approved by Board via a telephone poll after the July 7, 2011 Regular Meeting. Director Genova moved to ratify submittal of the 2010 Audit to the State Auditor's Office. Director Peck seconded and the motion passed unanimously.

The Board reviewed the 2010 Audit (*2010 Audit File*) and two letters prepared by Mary Brenes, CPA in accordance with the Governmental Accounting Standards Board. The Board will prepare a list of questions they would like addressed by Brenes at the September, 2011 Meeting.

Funding Options for the MF/UF Project – Financial consultant, Joe Drew, was present via speakerphone to discuss his Preliminary Report on Potential Project Financing Cost and Alternatives for the Construction of the Microfiltration/Ultrafiltration Project (8/4/11 File, MF/UF Project File). The Report summarized the District’s current Debt and Net Revenue, two proposed financing options, the costs of the options, and the rate increases that would be necessary to recover the debt. Finance Option #1 is Open Market Financing. Finance Option #2 is a debt issuance through Colorado Water Resources and Power Development Authority. Following review of the options the Board noted the need to develop a rate increase strategy to prepare for the MF/UF Project in addition to the District’s operational and capital improvement needs.

New Construction Recapture Agreement Policy – Assistant Manager Reinertsen presented Policy #310 – New Construction as revised to define Cost Share and Recapture Agreements. The Board had received the proposal for consideration at the July 7, 2011 Meeting. The Board requested the deletion of language in Paragraph 1, regarding more than one tap must be requested to qualify for the Agreement. The amended language reads “It applies only when the customer or developer needs to install water lines not currently in place to serve the new taps.” Director Peck moved to accept the amendments to Policy #310 – New Construction as presented and amended in Paragraph 1. Director Norman seconded and the motion passed unanimously.

Hidden Valley Water Company – Manager Tooker presented a Staff Report (*8/4/11 File, 2011 Staff Reports*) regarding the District’s statutory authority and suggested process to acquire the Hidden Valley Water Company’s service area. A copy of Colorado Revised Statutes regarding the General Powers of Special Districts was also provided. The Board directed Staff to notify the Hidden Valley Water Company representatives that they need to initiate the process to identify and secure all necessary easements that would need transferred to the District. Additionally, Hidden Valley Water Company property owners should be notified that the District has an interest in taking over water service with the conditions that the property owners request this action; the property owners understand the existing system does not conform to District standards, and there is a cost to do so; and, the property owners understand that the anticipated monthly water rates could remain as they are or may increase more than the current rates depending on the costs to upgrade the system. The property owners need to submit a petition acknowledging these items for Board review and consideration at the September, 2011 Regular Meeting.

NEW BUSINESS

Designate Person to Prepare 2012 Budget – Director Genova moved to appoint Manager Dale Tooker to prepare the District’s 2012 Budget. Director Norman seconded and the motion passed unanimously.

Policy #420 – Unintentional Water Use – Manager Tooker reported that Policy #420 Unintentional Water Use is used to review customer requests for billing adjustments following a leak on the customer side of the water meter. He submitted proposed amendments to update

Policy #420 Unintentional Water Use to align with current rates and practices. A Policy Committee meeting will be scheduled to review the proposed Policy changes for review and provide recommendations to the Board.

SDA Annual Conference, Breckenridge, September 14 – 16, 2011 – Directors Peck and Norman expressed interest in attending the Special District Association's Annual Conference. Assistant Manager Reinertsen has the opportunity to attend as a representative of another agency and requested authorization to attend although Manager Tooker will be out of the office during that week. The Board agreed with Assistant Manager Reinertsen's attendance at the SDA Annual Conference.

Wes Harlan Tap Relocation – Assistant Manager Reinertsen presented a Staff Report (*8/4/11 File, 2011 Staff Reports*) and request from Wes Harlan, 3438 Front Street, for the relocation of a water meter from its historical location to directly in front of his house. The history of the water meter installation and a map of the location were reviewed. By consensus, the Board directed Staff to send Mr. Harlan a letter stating the water service and meter pit can be relocated at the property owner's cost of approximately \$10,000 for work and permitting, or Mr. Harlan can pursue prescriptive and/or negotiated easement options for the location of the existing water service line as it currently exists.

ADJOURNMENT

Director Genova moved to adjourn the meeting. Director Hassler seconded and the motion passed unanimously. The meeting adjourned at 8:35 p.m.

ATTEST:

Robert Burger

Alan Hassler

Doralyn Genova

Dale Peck

Robert Norman