

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, JULY 11, 2013**

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

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Brian Sheley; Angie Beebe

GUESTS: Mike Nelson, Chadwick Steinkirchner and Davis, P.C.

REGULAR MEETING

Chairman Hassler called the meeting to order at 5:08 p.m.

MINUTES OF THE JUNE 6, 2013 REGULAR MEETING

Director Genova moved to approve the June 6, 2013 Regular Meeting Minutes (*2013 Minutes*) as submitted. Director Peck seconded and the motion passed. Chairman Hassler abstained as he had not been present at that meeting.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$181,339.84 plus Benefits Checks of \$18,246.21 plus Supplemental Checks of \$11,683.94 plus Special Check of \$14,826.00 for a total of \$ 226,095.99. Director Peck seconded the motion. Director Burger noted that the requested documentation regarding the District's receipt of restitution earlier this year has not yet been provided to the Board. Manager Tooker discussed the Period Budgeting that was established for the 2013 Financial Reports. He said that actual expenditures sometimes occur outside of their allocated period and cause the Profit and Loss Statement to show a temporary budget overage. Discussion ensued regarding the insuring of District funds. District Auditor Mike Nelson was present and commented that he sees no collateralization issues for the District with its financial institution. The motion passed unanimously.

2012 AUDIT

Mike Nelson of Chadwick, Steinkircher and Davis, P.C. was present to review the District's 2012 Financial Audit. (*7/11/13 File, 2012 Audit*) He reported that the three items noted in the 2011 Audit, 1) Lack of Journal Entry documentation; 2) Checks not being restrictively endorsed; and 3) Check stock being retained in an unlocked room, have all been satisfactorily corrected. He

summarized the process to determine depreciation and the adjusting Journal Entries. Mr. Nelson noted that the rate changes implemented by the District, beginning in 2011, have resulted in an Operating Income for the first time in at least ten years. The rate increase was implemented in part to fund the annual Debt Service increase of \$244,154 for the 2003 Colorado Water Resources and Power Development Authority. The District's use of the modified accrual accounting method was explained, the Budget to Actual 2012 comparison to 2011 was reviewed, and how major projects are accounted for when expenses carry over to a subsequent year was summarized. The Audit is due to the State no later than July 31, 2013. Director Genova moved to approve the District's FY 2012 Financial Audit, with clarification language to be inserted regarding Debt Service, and authorize the Audit's submittal to the State. Director Burger seconded and the motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for May, 2013. Tap Sales through May were down 13% from 2012. Water Production and Water Sales are also down. Overtime hours for May were substantial as the result of two major leaks that were discussed at the June 6, 2013 Board Meeting. One item was added to the Pending Items list – Financial Discrepancies Restitution Report. The credit card report included registration and lodging costs associated with the AWWA ACE Conference in Denver June 10-13, 2013.

INFORMATIONAL REPORTS

SDA Workshop – Chairman Hassler reported on the Special District Association (SDA) Board Member and Manager Workshop that he and Assistant Manager Reinertsen attended on June 18, 2013 in Grand Junction. He suggested the need for the District to monitor Legislation affecting special district disclosures and debt, and to establish an emergency meeting policy and procedure.

EXPRESS AGENDA

Grand Valley DRIP Update – Assistant Manager Reinertsen reported that the 2013 DRIP campaign "Join The Flock" has included the opportunity for area water customers to commit to water conservation and receive a pink flamingo or a sign to place in their yard to show their participation. DRIP Booths are being conducted at the Palisade and Grand Junction Farmers Markets, and at the Mesa County Fair.

UNFINISHED BUSINESS

Ratify Telephone Poll to Prepare a Request for Proposal for 2003 CWPRDA Loan Refinancing – Manager Tooker noted that on June 14, 2013 he contacted all Board members to request authorization to proceed with a Request for Proposal to refinance the District's 2003 CWPRDA Loan, and formal ratification is needed for that telephone poll. The deadline for Proposals is July 15, 2013. Director Genova moved to ratify the Board's unanimous authorization, by telephone

poll on June 14, 2013, to proceed with a Request for Proposal for the 2003 CWPRDA Loan Refinancing. Director Burger seconded and the motion passed unanimously.

Financial Consulting Contract – Joe Drew – Manager Tooker summarized the draft contract (7/11/13 File) for consulting services with Joe Drew. The Board requested clarification in the contract regarding the existence of liability insurance, and the maximum cost per issue.

Project 2008-02 MF/UF Project Financing – Manager Tooker reported that he met in Denver, on June 27, 2013, with representatives of the Colorado Water and Power Resources Development Authority and the State Revolving Loan Fund, financial consultant Joe Drew, and from Burns and McDonnell Engineering to review the reporting requirements and Davis Bacon requirements necessary when proceeding with State financing of the MF/UF Project. Manager Tooker does not feel the requirements are detrimental to the District and the majority of the Financial Management and Site Assessment requirements are already completed by the District for other purposes.

Project 2013-01 31 Road Main Line Upgrade/Replacement – Assistant Manager Reinertsen presented a Staff Report (7/11/13 File, 2013 Staff Reports, Project 2013-01 File) summarizing the bid opening results and recommendations for Project 2013-01, 31 Road Main Line Upgrade/Replacement. This project was included in the 2013 Budget for \$225,000 including engineering. Director Genova moved to award the construction contract for project 2013-01 31 Road 10” Main Line Upgrade/Replacement to MA Concrete Construction, Inc. in the amount of \$179,104.86 with an additional \$20,000 in budgeted funds available for construction contingencies should they arise during the course of construction. Director Norman seconded and the motion passed unanimously.

NEW BUSINESS

FY2012 Audit – This agenda item was completed earlier in the meeting.

Project 2013-02 New 12” 32 ½ Road Water Line Project – Assistant Manager Reinertsen presented a request to initiate the Bid process for Project 2013-02, 32 ½ Road New 12” Water Line. This project was included in the 2013 Budget for \$680,000 with Bid Opening the end of August and construction projected to begin in September. The new line was identified as a key project to re-route water from the existing aging water line in 32 Road. Director Genova moved to authorized staff to initiate the Bid process for Project 2013-02, New 12” 32 ½ Road Water Line Project. Director Peck seconded and the motion passed unanimously.

AWWA ACE 2013 Conference Briefing – Director Peck reported on his attendance at the American Water Works Association (AWWA) ACE 2013 Conference held in Denver June 10 – 13, 2013. In addition to attending workshops with nearly 11,000 participants, he toured several membrane filtration treatment plants along with Manager Tooker and Water Treatment Plant Operator Roten. The District received the Partnership for Safe Water 5 year Directors Award at the Conference. This distinguished award was presented to the District by Mr. James Chaffee, American Water Works Association President, and Mr. Peter Grevatt, Director, United States Environmental Protection Agency Office of Ground Water and Drinking Water.

Overbilling for Mismatched Head and Meter – Manager Tooker requested this additional item be placed on the agenda to obtain Board guidance regarding the overbilling of three accounts that were recently found to have a 1” Head on a 5/8” Meter. This mismatching results in the meter showing consumption of approximately 3 times the correct amount. All three accounts had the 1” Head installed on February 15, 2007. Previously the Board has stated that billing errors are corrected back for a twelve month period. Regarding the three accounts with mismatched head and meter, increased consumption was noted and leak checks were conducted, but the incorrect head was not identified on each until recently. By consensus the Board agreed that credit for overbilling should go back to the time the incorrect Head installation occurred in 2007.

Request for Relief of Account Balance - 3178 ½ E Road Account #009191 Joan Anderson – Manager Tooker reported that the meter was turned off at 3178 ½ E Road in 2007 following a leak and water service has not been restored since that time. The District has received reports that there continues to be a person living in the home, and has received an inquiry requesting relief of the account balance which currently totals \$3,096.11 for water and sewer. One option for the District would be to file a lien on the account for the water balance, and require the customer to stay current on all future charges once the lien is filed and service is restored. Clifton Sanitation District would need to file a lien on the sewer balance. The Board agreed to consider a lien but requested that more information be obtained, including identification of the designated representative of the owner by Power of Attorney if applicable.

ADJOURNMENT

Director Genova moved to adjourn the July 11, 2013 Regular Meeting. Director Burger seconded and the motion passed unanimously. The meeting was adjourned at 7:40 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

Robert K. Burger