

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, FEBRUARY 6, 2014**

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

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

PUBLIC HEARING

Chairman Hassler called the February 6, 2014 Public Hearing to order at 5:02 p.m. The purpose of the Public Hearing is to receive public comment regarding the Clifton Water District Microfiltration Ultrafiltration Water Treatment Plant with an estimated project cost of \$16,000,000.00. The Public Hearing Notice was published in the Grand Junction Daily Sentinel on December 24, 2013 and December 29, 2013.

No citizens were present. Manager Tooker reported that one citizen came in to the office to review the Preliminary Engineering Report and talk with Staff, and that citizen was provided additional information as requested via email. No other citizens provided comments, written or verbal.

The Public Hearing was closed at 5:05 p.m.

REGULAR MEETING

Chairman Hassler called the Regular Meeting to order at 5:05 p.m.

MINUTES OF THE JANUARY 9, 2014 REGULAR MEETING

Director Genova moved to approve the January 9, 2014 Regular Meeting Minutes as submitted. Director Peck 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 \$88,609.05 plus Benefits Checks of \$19,937.15 plus Supplemental Checks of \$82,919.19 for a total of \$191,465.39. Director Burger seconded the motion. Accounting Technician Beebe summarized the process to reconcile the Clifton Sanitation District disbursement identified in the Reports. It was noted that audit entries to be made later in the year will affect the 2013 Ending Balances in the Financial Reports. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for December, 2013. Items of note were the total number of taps sold in 2013 was 50, compared to 67 in 2012. Water Usage for 2013 was down 9.8% over 2012. Plant Production for 2013 was down 8.9% over 2012. Credit card charges were reviewed, with a number of charges associated with Staff travel for membrane facility tours and training.

INFORMATIONAL REPORTS

MF/UF Facility Tour Open Platform – Manager Tooker presented an overview of the MF/UF membrane facility tours that he and Water Treatment Plant Supervisor Sheley attended January 15-17, 2014 in Arizona and California. The purpose of the tours was to see Open Platform membranes in operation. Open Platform is the approach recommended by the District's Project 2008-02 MF/UF design build contractor. One facility on the tour had one Open Platform in operation, and one proprietary membrane filtration system similar to one previously pilot tested by the District. Photos and videos of the tours were provided by Manager Tooker.

Director Peck moved to move Unfinished Business Item #1 – Project 2008-02 MF/UF Open Platform Discussion and Approval up on the Agenda. Director Genova seconded and the motion passed unanimously.

Project 2008-02 MF/UF Open Platform Discussion and Approval – Staff recommends that the Open Platform MF/UF membrane filtration system is the better position for the District to be in due to its flexibility, competitive bid environment reducing costs, and strong warranties provided by the Original Equipment Manufacturer (OEM). Director Peck moved to concur with Staff's recommendation and identify the Open Platform as the District's selection for Project 2008-02 MF/UF for the reasons identified. Director Genova seconded and the motion passed unanimously.

Drought Response Information Project – An Informational Report regarding 2014 planning for the Drought Response Informational Project was provided for to the Board. Further discussion will be scheduled for the March 6, 2014 Regular Meeting.

Water Rate Customer Comments – An Informational Report was reviewed summarizing customer comments received to date regarding the District's 2014 Water Rates. Staff is working with the restaurant owner who submitted written comments, to further discuss water usage and conservation efforts.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda items as submitted. Director Burger seconded and the motion passed unanimously.

1. Newsletter Regarding MF/UF Project – A Newsletter presenting the MF/UF Project to our customers has been printed for mailing with all customer Bills in February, 2014. A plain paper copy of the Newsletter is included in the Board Packet.

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2. Grant Application for Check Structure – Manager Tooker has completed and submitted the Colorado River Water Conservation’s (CRWCD) Water Supply Project Grant for the Engineering and Design of a Check Structure in the Grand Valley Irrigation Company Canal. The estimated project cost is \$38,000. The CRWCD Board will review the Grant Applications in March and make final selections in April of 2014.
 3. 2014 Election Update – Designated Election Official (DEO), Assistant Manager Reinertsen, participated in a webinar sponsored by the Colorado Special District Association addressing requirements of the upcoming May 6th election. Final legislative guidance and clarification regarding non-partisan elections should be available after February 19th. The pending guidance and clarification should not substantially affect the District’s May 6th election. Candidate *Self-Nomination and Acceptance Petition* forms are available from the DEO through February 28th.
 4. Project 2013-02 New 12” 32 ½ Road Water Line Project – Contractor, Dirtworks, has completed installation of all water pipeline. Final testing is being performed. Project will be “on hold” until asphalt plant re-opens weather permitting so that final paving repairs can be completed. Staff continues to finalize tie-in activities of the new 12” water line to the existing 27” transmission line in the E Road alignment.

UNFINISHED BUSINESS

Project 2008-02 MF/UF Open Platform Discussion and Approval – This agenda item was completed earlier in the meeting.

Drinking Water Revolving Fund (DWRF)

- a. DWRF Credit Report – Manager Tooker presented a Staff Report (*2014 Staff Reports*) and the Credit Report (*Project 2008-02 State Revolving Loan Fund*) which was prepared by the State as part of the Drinking Water Revolving Fund Application. The District was evaluated on twenty (20) indicators. Seventeen (17) were rated “strong”, two (2) are “average” and one (1) is “weak”. Manager Tooker noted that it is important to recognize the Credit Report was based upon 2012 Audited Financial Statements. The District has made adjustments to the Water Rate Structure which improves the financial data for 2013 and 2014. The State reported to him that if the current data were to have been used, all the categories would be “strong”.
- b. State Revolving Loan Reimbursement Resolution 2014-01 – Manager Tooker presented the Resolution which was tabled at the January 9, 2014 Regular Meeting. This Resolution protects the District’s ability to be reimbursed for purchases made before State funding and official documents are signed, such as shop drawings for Membrane acquisition. The District has expended funds for engineering which are reimbursable without the Reimbursement Resolution. Director Genova moved to adopt Resolution #2014-01, A RESOLUTION OF THE CLIFTON WATER DISTRICT BOARD OF DIRECTORS, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE, DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH PROCEEDS OF A FUTURE BORROWING FOR CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE DISTRICT; IDENTIFYING THE CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH. Director Peck seconded and the motion passed.

Resolution Text Inserted:

RESOLUTION 2014-01

A RESOLUTION OF THE CLIFTON WATER DISTRICT BOARD OF DIRECTORS, ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE, DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH PROCEEDS OF A FUTURE BORROWING FOR CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE DISTRICT; IDENTIFYING THE CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Clifton Water District, Acting by and Through Its Water Activity Enterprise (“District”), in the County of Mesa and the State of Colorado (“State”), is a political subdivision duly organized and existing pursuant to the constitution and laws of the State, in particular Title 32 of the Colorado Revised Statutes; and

WHEREAS, the Board of Directors of the District is the governing body of the District and have been duly elected and qualified; and

WHEREAS, the Board has determined that it is in the best interest of the District to make certain capital expenditures on a Project which generally consists of upgrading the District’s Water Treatment Plant with Membrane Technology replacing 1977 circa sand filtration units that have exceeded their useful life (collectively, the “Project”); and

WHEREAS, the Board has been in contact with and made application to the State of Colorado Drinking Water Revolving Fund (“DWRF”) and the Colorado Water Resources and Power Development Authority in regard to the availability of a loan to fund the Project; and

WHEREAS, the Board intends and reasonably expects to participate in borrowing to finance the Project, including an amount which is currently estimated not to exceed \$16,000,000 (the “Financed Amount”), to reimburse the District for the portion of such capital expenditures incurred or to be incurred subsequent to a period commencing 60 days prior the date hereof, and ending the later of 18 months of the date of such capital expenditure or placing the project in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

WHEREAS, in order to comply with provisions of the Internal Revenue Code of 1986, as amended (the “Code”), it is the Boards intention to declare that this Resolution shall constitute the “official intent” pursuant to 26 C.F.R. 1.150-2.

*NOW THEREFORE BE IT RESOLVED that the Clifton Water District Board of Directors resolve that expenditures for the Project to upgrade the Water Treatment Plant to Membrane Technology before the DWRF loan proceeds are received, shall be reimbursed from such proceeds when available
ADOPTED AND APPROVED the 6th day of February, 2014*

Project 2008-02 MF/UF Owner’s Representative – Burns and McDonnell – Manager Tooker reported that Burns and McDonnell Engineering has not returned a signed agreement and this item will be tabled until the March 6, 2014 Regular Meeting.

NEW BUSINESS

Processing Electronic Checks in Automated Payment Processing System – Administrative Coordinator McLaughlin presented a Staff Report (2014 Staff Reports) requesting authorization to add electronic check processing to the District’s automated payment processing system at a cost to the District of \$1.00 per transaction. Electronic check processing would enhance customer

satisfaction and reduce staff time associated with manually processing checks. Chairman Hassler directed Staff to research Statutes regarding the District's authority to absorb direct costs associated with alternate payment methods. The item was tabled to the March 6, 2014 Regular Meeting.

Bond Counsel and Public Finance Matter Representation – Manager Tooker reported that the two key bond counsel personnel the District has successfully worked with on recent and previous bond matters, Dee Wisor and Kimberly Crawford, have relocated to a different firm, Butler Snow LLP. In order to maintain continuity in upcoming financial matters requiring Bond Counsel, he recommends that the Board identify Butler Snow LLP to represent the District as Bond Counsel and transfer files identified from Sherman and Howard to Butler Snow LLP. Director Norman moved to authorize Manager Tooker to execute the Matter Disposition Instructions to identify Butler Snow LLP to continue representation; and the previous firm Sherman and Howard is authorized to release all of the files to the law firm of Butler Snow LLP. Director Peck seconded and the motion passed unanimously.

Grand Valley Irrigation Company Drain Easement – Manager Tooker presented a Staff Report (2014 Staff Reports) summarizing a request from the Grand Valley Irrigation Company to install a drain line within an existing Grand Valley Power easement on District owned property. The drain installation could be beneficial to the District as part of future plans for a new intake structure. Director Norman moved to authorize Manager Tooker to negotiate an easement with Grand Valley Irrigation Company pursuant to exchange of the easement for installation of a large diameter pipe for an intake structure, and contingent upon agreement from Grand Valley Power regarding shared use of the easement. Director Peck seconded and the motion passed unanimously.

ADJOURNMENT

By consensus the Board adjourned the February 6, 2014 Regular Meeting at 7:25 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

Robert K. Burger