

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, MAY 1, 2014**

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

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

GUESTS PRESENT: Joe Drew: Drew Financial
Anthony Beeson: Burns & McDonnell Engineering Co.

PUBLIC HEARING

Chairman Hassler called to order the Public Hearing at 5:05 p.m. regarding the requested Property Exclusion by Roger and Linda Cochran, in accordance with C.R.S. 29-1-106 *Et.Seq.* The Notice of Public Hearing (05/01/13 File, Property Exclusion File, Daily Sentinel Legal Notices file) was confirmed as published in the Grand Junction Daily Sentinel in accordance with C.R.S. 29-1-106(3)(a). No members of the public were present at the hearing. Assistant Manager Reinertsen reported that no comments had been received regarding the requested Cochran property exclusion. Chairman Hassler closed the Public Hearing at 5:06 p.m.

REGULAR MEETING

Chairman Hassler called the Regular Meeting to order at 5:06 p.m. He then moved Agenda Item, Drinking Water Revolving Fund (DWRF) from the Unfinished Business section of the Agenda to this point in the Meeting.

Drinking Water Revolving Fund (DWRF) – Manager Tooker provided the current status of the DWRF process schedule. Mr. Joe Drew discussed Debt Service for \$15 and \$16 million loan values and handed out Debt Service evaluations for the two scenarios. Mr. Drew stated that his assessment shows that the District’s financial position is satisfactory to cover the Debt Service for a loan up to the \$16 million value and he presented the estimated Annual Debt Service payments of \$1,220,000 for \$15 million and \$1,281,000 for \$16 million. In preparation for the DWRF, Mr. Drew had previously used an estimated Annual Debt Service of \$1,325,000 in his preliminary valuation therefore, the two current Debt Service estimates are below the preliminary baseline used for the DWRF Loan Approval. He added the District has done an excellent job at preparing for the future debt service by rate increases the previous three years and refinancing of the 2003 Colorado Water Resources and Power Development Loan in October of 2013. Mr. Drew was questioned by the Board on his opinion related to using Cash Reserves of the District to reduce the Loan Value needed to fund the Project. Mr. Drew, responded his estimates of the DWRF interest rate is 2.7% and currently the District is receiving less than 1% in the investment market and given the current position of the investment market, the District would be wise to use as much Cash Reserves as they are comfortable with to reduce

the Loan Value thereby reducing the Annual Debt Service. The Board reviewed 2014 revenue projections and the effects of recent Water Rate increases with Staff. Staff added the latest Project Cost Estimates before any efforts to reduce the scope of engineering are ranging from \$15.5 to \$16 million. The Board discussed many options associated with establishing a Loan Value combined with using District Cash Reserves to fund the Project. Director Norman moved to request a loan amount of \$14,000,000 from the Drinking Water Revolving Fund for the purpose of funding the District's MF/UF Project. Director Genova seconded the motion. Chairman Hassler called for a roll call vote:

Directors voting in the affirmative: Genova Norman
Peck Hassler

Directors voting in the negative: None

The Clifton Water District Board of Directors unanimously agreed to request a loan value of \$14,000,000 from the Drinking Water Revolving Fund for the purpose of funding the District's MF/UF Project.

- Mr. Drew exited the meeting at 6:25 p.m.

MINUTES OF THE APRIL 3, 2014 REGULAR MEETING

Director Genova moved to approve the April 3, 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 \$205,796.97 plus Benefits Checks of \$19,036.17 plus Supplemental Checks of \$186,192.45 plus a Special Check of \$15,482.31 for a total of \$426,507.90. Director Peck seconded the motion. Staff provided clarification to the question of tracking MF/UF project specific training and travel costs to the project and not administrative accounts. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Report for March, 2014. Year to date New Tap sales were highlighted and discussed.

INFORMATIONAL REPORTS

2013 Year End Health Reimbursement Arrangement (HRA) Status Report – Manager Tooker presented the Utilization Report for the 2013 HRA Plan Year. Manager Tooker reported that the 2013 HRA budget item had a 49% underutilization representing a savings of \$128,415 savings. Manager Tooker identified that the HRA has been effective in reducing the District's Health Insurance Premium expense and has provided an extremely positive employee benefit. Director

Norman requested that the resolution pertaining to the 2013 HRA “Wellness Award” be placed in the June Board Packet for Board discussion.

Update on Colorado Water Plan Development – Assistant Manager Reinertsen provided several handouts pertaining to the recent Colorado River Basin Roundtable meeting he attended in Glenwood Springs. One of the handouts included the basin-wide themes that are being identified and discussed in the Basin’s Colorado Water Plan presentation that is being submitted to the Governor by the end of July 2014.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda items as submitted. Director Peck seconded the motion. After a brief discussion by Director Norman regarding the Bureau of Reclamation licensing requirements for improvements within the 75 foot centerline of the US Government Highline Canal, the motion passed unanimously. The approved Express Agenda items are as follows:

1. Water Festival – The 21st Annual Children’s Water Festival will be held on May 19th and 20th at Colorado Mesa University. District Staff are scheduled to present three classroom sessions and to help out in various areas of the event. If any Board member would like to participate, there are opportunities for assisting at the DRIP booth or feel free to just stop by on either day and enjoy the fun learning and lunch with the participants.
2. Project 2014-01 F 5/8 Road Main Line Upgrade/Replacement – Staff is working with Austin Civil Group (project designer) to update design and bid quantity takeoffs. Construction Bid Packages will be available for contractor pickup after May 22, 2014. The Pre-Bid Tour will be held on Thursday, June 5, 2014 with a Bid Opening scheduled for Wednesday, June 25, 2014. Construction Contract Award recommendation will be presented for Board consideration at the July 3, 2014 Regular Board Meeting.

UNFINISHED BUSINESS

Project 2013-02 New 12” 32 ½ Road Water Line Project – Assistant Manager Reinertsen presented a Staff Report (05/01/14 File, 2014 Staff Reports, Project 2013-02 File) summarizing the final costs associated with Project 2013-02, New 12” 32 ½ Road Water Line, totaling \$318,452.87. Final Payment has been advertised and no payment contest notices were received. The Project is now considered final and complete. Director Genova moved to authorize Final Payment of \$15,482.31. Director Norman seconded and the motion passed.

Project 2008-02 MF/UF

- a. Owner’s Representative Contract – Staff presented the Contract with Burns & McDonnell for Board signature. The Contract had been reviewed and amended by legal counsel of both Burns & McDonnell and the District. This Contract covers the efforts put forth by Burns & McDonnell through the signing of the final Design Build Contract between the District and the Carollo Design Build Group. Director Peck moved to authorized signing of the Owner’s Representative Contract by the District

Chairman. Director Norman stated that he recognized the timing of the issue but in the future, the Board needed more time to evaluate a Contract of this value. Director Genova seconded and the motion passed unanimously.

- b. Membrane Procurement – Carollo Engineering – Carollo has received the resubmitted bids for the Membrane Procurement portion of the project. Staff has taken part in the review and discussion of the submitted bids and concurs with the Carollo Design Build Group’s recommendation to select H2O as the preferred membrane vendor for the project.

Design Build Contract – Staff continues to develop the Design Build Contract. The District Manager is working with Carollo representatives to reach agreement on contractual language. The final agreement will be presented to the Board for review and comment prior to the June 5, 2014 Regular Board Meeting. Manager Tooker requested the availability of the Construction Committee of the Board to be available in the next three weeks to assist in reviewing the Contract and the Project Value prior to presentation to the Board for approval.

Exclusion Request – Roger Cochran (Tax Parcel #2967-133-00-195) – Assistant Manger Reinertsen presented the completed Parcel Exclusion “Decision List” for Tax Parcel #2967-133-00-195 (05/01/13 File, Property Exclusion File). The Board reviewed and discussed the completed “Decision List” and reached consensus that the exclusion of this Whitewater parcel would be in the best interests of the District, the property owner, and Mesa County. Director Peck moved to adopt Resolution 2014-07, A Resolution to Exclude the Cochran Private Property. Director Genova seconded and the motion passed unanimously.

Resolution Text is as follows:

RESOLUTION TO EXCLUDE THE COCHRAN PRIVATE PROPERTY

WHEREAS on March 19, 2014, Roger and Linda Cochran, petitioned the Clifton Water District Board of Directors to exclude property from within the boundaries of the Clifton Water District generally described as follows:

*Tax Parcel: 2967-133-00-195
Description: THAT PT LOT 16 MESERVE FRUIT TRACTS SEC 13 2S 1E
LYG N & E OF HWY.*

WHEREAS said owner desires to not receive domestic water service from the Clifton Water District for this parcel, and,

WHEREAS the Board of Directors of the Clifton Water District has determined that it is in the District’s best interest to exclude the stated property from within the District’s boundaries as it benefits the District by permitting the petitioner to combine the stated property with an adjacent property owned by the petitioners through the Mesa County processes, which will allow for future water service(s) via the Clifton Water District’s Out-of-District water service process.

NOW THEREFORE BE IT RESOLVED that the Clifton Water District Board of Director’s approve the exclusion of the said property as described above, adopt the Order dated

May 1, 2014, and authorize the Secretary and President of the Board to sign the Certificate of Exclusion and Order dated May 1, 2014.

Chairman Hassler and Secretary Norman signed the Certificate of Exclusion, dated May 1, 2014, and directed Staff to process the paperwork to the District's Legal Counsel to complete the exclusion process through the District Court.

Project 2014-02 32 and E Road Waterline Replacement Project – Assistant Manager Reinertsen provided a status report for this project. A final cost summary report will be provided at the June 5, 2014 Regular Board Meeting. Information only, no Board action required at this time.

3178 ½ E Road (Account #009191000) – Property Lien on Past Due Balance – Manager Tooker reviewed the Staff Report (05/01/14 File, 2014 Staff Reports) pertaining to a request by Ms. Joan Anderson (3178 ½ E Road, Account Number 009191-000) to forgive past due charges. Currently, the current Past Due amount is \$3,496.34 (\$1,239.74 for water and \$2,074.60 for sewer). Water service has been off to this property since February 2007. After discussion, Director Peck moved to offer Ms. Anderson the opportunity to secure her debt with a lien on her property at 3178 ½ E Road, in the amount of the present balance due, plus interest at a rate of 5%, with the lien to be recorded in the County's real estate records, in exchange for the District's agreement to forebear collection of the existing past due amount. This lien will not substitute for the District's other statutory means of collection but the District will not seek to collect unless Ms. Anderson fails to keep her account current of new amounts due following the execution of the lien for the present balance due. The lien amount will include all lien costs. The lien terms shall provide for cost of collection and reasonable attorney fees. Director Genova seconded and the motion passed unanimously.

Policy #420 Water Usage Fees – Policy Read – Staff requested Board clarification of the definition of 'residential' as a single family residential structure as it pertains to qualifying leak adjustment requests. After discussion, the Board consensus is a Single Family Residential Structure is defined as "one tax parcel number with one water service tap with one residential dwelling is one residential unit" as defined in District Policy #420. Additionally, an individual "condo unit" served by an individual water meter is considered a "single residential unit" for definition purposes.

NEW BUSINESS

FY 2013 Audit – Staff provided copies of the Draft FY 2013 District Audit from Chadwick, Steinkirchner, Davis & Co., P.C. Questions and clarifications are to be directed to either Manager Tooker or Accounting Technician Beebe. Representatives from Chadwick, Steinkirchner, Davis & Co., P.C. will be in attendance at the June 5, 2014 Regular Board Meeting to present the Final FY 2013 District Audit to the Board. No Board action required at this time.

ADJOURNMENT

Chairman Hassler moved to adjourn the May 1, 2014 Regular Meeting. The motion passed unanimously. The meeting was adjourned at 8:25 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

-- Excused --

Robert K. Burger