

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, June 4, 2015**

BOARD MEMBERS PRESENT: Dale Peck, Vice-Chairman; Doralyn Genova, Treasurer;
Robert Burger, Secretary; Melvin Diffendaffer, Director

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

GUESTS: Mike Nelson, CPA for Chadwick, Steinkirchner, Davis & Co., P.C.

Chairman Hassler was excused from the meeting.

PUBLIC HEARING

Vice Chairman Peck called to order the Public Hearing at 5:04 p.m. regarding the consideration of inclusion of one parcel of land within the Clifton Water District boundaries as required by C.R.S. 32-1-05. The purpose of the Public Hearing is to hear public comment regarding the inclusion request. The Public Hearing Notice was published in the Grand Junction Daily Sentinel on May 13, 20, and 27, 2015. No citizens were present. Manager Tooker reported that no citizens requested information regarding the inclusion. No other citizens provided comments, written or verbal.

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

REGULAR MEETING

Vice Chairman Peck called the June 4, 2015 Regular Meeting to order at 5:05 p.m.

By consensus of the Board, Mike Nelson was moved forward on the agenda to present the findings of the FY 2014 Audit.

2014 AUDIT

Mike Nelson of Chadwick, Steinkirchner, Davis & Co., P.C. reviewed the FY 2014 Audited Financial Statements with the Board. Mr. Nelson reported that for FY 2014, the District was required to undergo two audits, the traditional annual audit of all District financial transactions and a Single Audit with specific regard to funding for Project 2008-02, the MF/UF Project. Mr. Nelson's findings were provided in the form of a 35 page document (File 06/04/15, 2014Audit).

The Single Audit is required due to Federal Funding by the United States Environmental Protection Agency. The Single Audit produced no deficiencies and disclosed no instances of non-compliance according to Government Auditing Standards.

Mr. Nelson highlighted several items from the traditional Audit. This included a significant change in current assets as a receivable for Project 2008-02. This is a single year anomaly that resulted from unused portions of the loan at year end. In 2015, this amount is expected to move from a current asset to a capital asset. The overall Net Position of the organization is good, with a

24% increase in cash. Operating Income has increased significantly, predominately due to changes in water sales and system investment fees. This has resulted in a significant change in net position from 2013 to 2014. Net Cash has seen an overall increase to \$1,306,265 from a loss of \$98,315 in 2013. There was a large decrease in assets due to the demolition of existing equipment in 2014 with commencement of the 2008-02 MF/UF Construction Project. Cash Investments were reviewed and the District was found to have a very low risk portfolio with increased diversification.

Mr. Nelson reported the District's overall financial position as good.

The Board inquired about the need of any potential restructuring in the future for audit or bonding purposes. He was able to confirm that this was not expected. The Board stated their appreciation and commended Mr. Nelson and the District on a positive financial audit.

Mr. Nelson exited the meeting at 5:30 pm.

MINUTES OF THE MAY 7, 2015 REGULAR MEETING

Director Genova moved to approve the May 7, 2015 Regular Meeting Minutes as submitted. Director Burger 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 \$88,996.56 plus Benefits Checks of \$21,426.64 plus Supplemental Checks of \$1,143,027.01 for a total of \$1,253,450.21. Director Burger seconded and the motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for April 2015 (*File06/04/15*). He highlighted increased tap sales, decreased availability of service taps, increased hardness, and an overall minimal decrease in TDS over the previous year. Director Burger requested that Manager Tooker informally discuss his presentation at the Kiwanis Breakfast. Manager Tooker explained that Kiwanis members were very interested in the Membrane Technology and that this item will show in the May 2015 Managers Report. At this time the Board also inquired about a formal press release announcing the operational status of the MF/UF Facility. Manager Tooker explained that we will be doing this soon, but want to wait until construction is further completed.

EXPRESS AGENDA

Director Burger moved to approve the Express Agenda items. Director Genova seconded the motion which passed unanimously approving the Express Agenda items as follows:

1. Project 2014-01, Phase 2 – F 5/8 Road Main Line Upgrade/Replacement – Status Update – Dirtworks Construction, LLC was issued the Notice to Proceed on June 1, 2015. Customer

construction project notifications were completed the week of May 18th. The Contractor is scheduled to start construction activities Wednesday, June 3rd with all work to be completed by July 30, 2015 as identified in the Contract requirements.

2. Children's Water Festival Participation – Nearly 2,500 area fifth grade students participated in the 22nd Annual Western Colorado Children's Water Festival held on May 18 and 19 at Colorado Mesa University. Staff members Deppe, Graff, Dederick, Dalley, Reinertsen, and Board member Peck attended as 'presenters' for five different instructional events and activities.
3. Fire Line Request – 395 31 5/8 Road – Representatives of the Emmanuel Baptist Church paid the fire line fees as identified by Board action at the May 7, 2015 Regular Meeting. Required City Utility Permits have been applied for and installation will be scheduled once permits are issued.

UNFINISHED BUSINESS

Inclusion Request – Tax Parcel #2943-103-00-148 commonly known as 541 Warrior Way, Grand Junction, CO – The Board has been presented with a Petition for Inclusion into the District's boundaries by the property owners of Tax Parcel #2943-103-00-148 (*File 06/04/2015, Inclusion Requests, 2015 Staff Reports*). Director Genova moved to approve the Petition for Inclusion of Tax Parcel #2943-103-00-148. Director Diffendaffer seconded the motion passed unanimously.

Director Genova moved to adopt Resolution 2015-04 – Resolution to Include Private Property as submitted and authorize staff to process the necessary paperwork for the District's Legal Counsel to complete the inclusion process with the District Court. Director Burger seconded and the motion passed unanimously. The text of Resolution 2015-04 is as follows:

Resolution 2015-04

RESOLUTION TO INCLUDE PRIVATE PROPERTY

WHEREAS on June 4, 2015, Walmart Real Estate Business Trust, petitioned the Clifton Water District Board of Directors to include property within the boundaries of the Clifton Water District generally described as follows:

Recorded in Book 5716 Page 727 of the Mesa County Clerk and Recorder on April 28, 2015, more particularly described as follows:

PARCEL NO. 1 – Tax Schedule No.: 2943-103-00-148

*A parcel of land situated in the N1/2 of the SW1/4 of Section 10, Township 1 South, Range 1 East of the Ute Meridian, City of Grand Junction, County of Mesa, State of Colorado, more particularly described as follows:
Commencing at West 1/4 corner of said Section 10; thence N 89°59'33" East along the North line of the SW 1/4 of said Section 10 as distance of 890.62 feet; thence S 00°01'19" E a distance of 49 feet to the Southerly Right-of-Way line E 1/2 Road, said point being the point of beginning;*

thence along the Southerly Right-of-Way line and the Westerly Right-of-Way line of Warrior Way (31 1/2 Road) as described in Book 3566 at Page 554, Mesa County, Colorado records the following seven (7) courses:

- 1. thence N 89°59'33" E a distance of 386.35 feet;*
- 2. thence S 44°53'18" E a distance of 54.59 feet;*
- 3. thence S 00°11'37" W a distance of 207.31 feet to a point of a curve;*
- 4. thence along a curve to the left whose chord bears S 08°24'56" E a distance of 146.70 feet, said curve having a central angle of 17°13'06", a radius of 490.000 feet, an arc length of 147.25 feet to a point of tangent;*
- 5. thence S 17°01'29" E along said tangent a distance of 49.95 feet;*
- 6. thence S 72°58'31" W a distance of 20.00 feet;*
- 7. thence S 17°01 '29" W a distance of 9.98 feet to the Northerly Right-of-Way line of Interstate 70 Business;*

*thence S 73°01'13" W along said Northerly R.O.W. line a distance of 464.07 feet;
thence N 00°01'19" W a distance of 589.75 feet to the point of beginning.*

County of Mesa, State of Colorado

WHEREAS said owner desires domestic water service from the Clifton Water District, and,

WHEREAS the Board of Directors of the Clifton Water District has determined that it is in the District's best interest to include the stated property within the District's boundaries; and

WHEREAS the District has previously included other Orchard Mesa properties into the District's the service boundaries.

NOW THEREFORE BE IT RESOLVED that the Clifton Water District Board of Directors approve the inclusion of the said property as described above, adopt the Order dated June 4, 2015 and authorize the Secretary and President of the Board to sign the Certificate of Inclusion and Order dated June 4, 2015.

FY 2014 Audit – The Board received a copy of the final audit and a presentation by Mike Nelson, CPA regarding the District's FY 2014 audits earlier in the evening (*File 06/04/15, 214 Audit*). Director Genova moved to accept, approve and distribute to the proper authorities the District's FY 2015 Financial Audit as submitted. Director Diffendaffer seconded the motion which passed unanimously.

An informational only agenda item was added to provide an update on Project 2008-02.

Design Build Contract for Project – 2008-02 – Manager Tooker reported that the substantial completion date for the construction project was June 1, 2015. The project is close to substantial completion, but has not yet met all of the contracted specifications. When substantial completion

is not met, there is a clause in the contract for liquidated damages. Manager Tooker reported that the reason for this clause had primarily to do with the high probability that the District would have to buy water from another source if there was not substantial completion. Manager Tooker reported that construction of substantial completion is at approximately 75%, but that we are able to produce water and it doesn't appear that we will need to purchase water. Manager Tooker will be submitting a letter to Carollo Design Build Group outlining that substantial completion has not yet been met and that the District is not yet waiving its right to collect liquidated damages. Once substantial completion is finalized, Manager Tooker will bring this matter to the Board to determine if the District wishes to seek payment of or waive rights to liquidated damages. This status update was informational only with no Board action required at this time.

NEW BUSINESS

Additional Personnel Policy Revisions – Manager Tooker presented a Staff Report re: Staff Report regarding additional needed changes to Personnel Policies (*File 6/4/2015, 2015 Staff Reports*). By consensus of the Board, this will be passed along to the Personnel Committee for discussion, review and presentation at a future Board Meeting.

Next Regular Board Meeting Date July 2, 2015 – Due to the July 4th Holiday, a brief discussion occurred to ensure a Quorum would be present at the next Regular Board Meeting or if rescheduling was required. At this time it appears a Quorum will be available and the next Regular Board Meeting will continue as scheduled for 5:00 p.m. on Thursday, July 2, 2015. No Board action was required.

At 6:00 p.m. Staff Members Beebe and Plett left the meeting.

At 6:00 p.m. all Board Members and remaining staff members toured the MF/UF System which is producing water. Staff from H2O were on hand to demonstrate the capabilities of the system and answer any Board Member questions about how the system operates.

ADJOURNMENT

Director Peck moved to adjourn the meeting at 7:03 p.m. Director Genova seconded and the motion passed unanimously.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert K. Burger

Melvin Diffendaffer