

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
ST. MARY'S GLACIER WATER AND SANITATION DISTRICT
HELD
July 23, 2018

A regular meeting of the Board of Directors of the ST. MARY'S GLACIER WATER AND SANITATION DISTRICT (referred to hereafter as "Board") was convened on Monday, the 23rd day of July 2018, at 6:00 P.M., at Alice School House, 271 Silver Creek Road, Idaho Springs, Colorado, 80452.

ATTENDANCE

Directors in Attendance Were:

Ray Hodge, Treasurer
Bruce Hohne, Secretary

Also, in Attendance Were:

Gabrielle Begeman; ORC Water Professionals
Peggy Dowswell, Traci Miller and Molly Janzen; Pinnacle Consulting Group, Inc.
Colin Mielke; Seter & Vander Wall, P.C.
Tom Dea and Stephan Wilson; TZA Water Engineers

Beth Ramsey, Bill Fox, Carolyn Hohne, Mark Lamourex, Karl Altenbernd, Bart Backman, Mike Ryan, James McGraff, Debbie Stephenson and Glen Clark; St. Mary's Glacier Community Members

Director Hodge called the meeting to order at 6:07 P.M.

Director Hodge confirmed that a quorum of the Board was present. There are three vacancies on the Board.

DISCLOSURE MATTERS

The Board had been previously advised that pursuant to Colorado law, certain disclosures by the Board members might be required prior to taking official action at the meeting. The Board then reviewed the agenda for the meeting, following which each Board member affirmed their conflicts of interest, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. The Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

ADMINISTRATIVE MATTERS

Agenda: A proposed agenda for the regular meeting was distributed for the Board's review and approval. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne and, upon vote, unanimously carried, the agenda was approved as presented.

Board Positions: Following review and discussion, upon motion duly made by Director

Hodge, seconded by Director Hohne and, upon vote unanimously carried, the Board appointed Director Hohne as President of the Board and Director Hodge Treasurer/Secretary.

Public Comments: At approximately 6:15 p.m. the meeting was opened for public comment. Beth Ramsey voiced her concerns regarding the current status of the fire hydrants, her desire that the District place a moratorium on the issuance of new taps until the water and wastewater systems are repaired, and she requested better communication from the District. Mr. Mielke reported that the District and the local fire department are aware of the fire hydrant issue and there is an alternative plan in place, should a fire impact the District. Ms. Ramsey also stated that she is a grant writer and offered her assistance to the District.

Mark Lamourex addressed the Board regarding a water pipe that freezes near his property. He reported that this has been ongoing since he moved to the community in 2006 and he is forced to trickle his water through the winter.

Karl Altenbernd inquired about the status of new home construction within the District and requested verification that applicable fees have been paid by the lot owners. There being no further public comments, the comment portion of the meeting was closed at approximately 6:25 p.m.

Minutes: The Board reviewed the minutes of the May 21, 2018 special meeting of the Board of Directors. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne and, upon vote, unanimously carried, the Board approved the minutes of the May 21, 2018 special meeting of the Board of Directors.

FINANCIAL
MATTERS

Review and Consideration of Payables: Ms. Janzen reviewed claims for the period ending June 20, 2018 totaling \$32,291.80. Ms. Janzen noted payments will be made as funds are available.

Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne and, upon vote unanimously carried, the Board ratified the EFT payments and the claims for the period ending June 20, 2018 totaling \$32,291.80.

Ms. Janzen reviewed claims for the period ending July 20, 2018 totaling \$52,001.43. Ms. Janzen noted that if approved, payments will be made as funds are available. Ms. Janzen stated that the total of the claims this month is higher than average due to several quarterly invoices.

Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne and, upon vote unanimously carried, the Board approved of the EFT payments and the claims for the period ending July 20, 2018 totaling \$52,001.43.

Review of 2017 Audit: Ms. Janzen presented the audit of the District's 2017 financial statements. Following further review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne, upon vote, unanimously carried, the Board approved the 2017 Audit, authorized execution of the Representation Letter, and authorized filing the 2017 Audit with the Office of the State Auditor.

Review and Consideration of Financial Statements: Ms. Janzen reviewed the financial statements for the period ending June 30, 2018. Ms. Janzen reported that the District is continuing to experience cash flow issues because customer fee payments are not received timely. Ms. Janzen distributed the aged accounts receivable and identified amounts that were past due. The Board engaged in a discussion regarding how to collect on the overdue accounts.

OPERATIONAL
MATTERS

OCR and Field Operations Reports: Ms. Begeman gave an update on work that has been completed on the water system which includes the installation of controls to monitor well #1, re-piping to close off an unknown pipe, the replacement of 300 feet of collection pipe in lower forest, and the installation of a pump to control overflow in the pond. These projects have been completed in house personnel, which saved the District a substantial amount of money.

Ms. Begeman reported that there is a plan in place to install a new PRV on Silver Creek using an existing PRV the District owns. This work will be completed in house.

Ms. Begeman reported that there is a break in the line under Silver Creek Road, west of Fall River Road. Ms. Begeman noted that bids have been received for the repairs and the District is considering ways to reduce the anticipated repair costs. The District does not have the funding to complete this project at the present time based on the bids received.

Ms. Begeman reported that she is working closely with Mr. Stambaugh from Prolific Enterprises to establish a feasible plan for the District to become compliant with a previously established water augmentation plan. Ms. Begeman and Mr. Stambaugh are working on a plan that can be completed in phases, as funding becomes available.

Operations Report: In the absence of Mr. Oeland, Ms. Begeman reviewed Mr. Oeland's report and answered questions.

Update from Board Members Regarding Coordination with Idaho Springs on Operations, Vendor Calls, and Billings and Conversion to Email Invoicing: Director Hohne reported that he sent several emails to Idaho Springs but has not yet received a response. Director Hodge reported that he called some vendors regarding negotiating costs of services. Director Hodge requested that Ms. Janzen supply an additional reporting tool to help him expedite the process of establishing email addresses and customer payments online.

DISTRICT
MANAGER ITEMS

Public Hearing Regarding Water System Improvements and the State Revolving Fund Loan: Director Hohne opened the public hearing for the Water System Improvements and the State Revolving Fund Loan. Ms. Dowswell reported that notice of the hearing had been published in the *Clear Creek Courant* on June 20, 2018. Ms. Dowswell and Mr. Mielke reported to the Board the limitations and requirements of the loan. Mr. Dea, with TZA, reviewed the proposed Water System Improvements and the updated Project Needs Assessment (PNA), reporting that the priorities are now surface water treatment and distribution system repair/replacements. Most notably the first phase will consist of the installation of a replacement potable well to aid in the capacity and reliability of the distribution system. The next phase will consist of fixing or replacing sections of the 800' of water pipe connecting the

two pressure zones; repairs/replacements of sections of the distribution system; potentially installing a booster station and fixes to existing storage tank. These repairs are anticipated to use the entire \$3 million loan. Mr. Dea noted that the full engineering work would not be completed until early next year, as the District is limited in the grant funds it can receive this year.

Ms. Dowswell reviewed the financial impacts on the District in obtaining and borrowing the full loan amount. As reported in the District's earlier rate discussions, the District increased rates for both water and sewer service to \$510/quarter from \$400/quarter to further support repayment of the loan. The Board discussed the Availability of Services (AOS) fees and the increase to the AOS fees that will occur when the loan is approved, which is anticipated to increase from the current \$15/quarter to \$60/quarter, and which will be dedicated to debt repayment. The District's projections show annual increases in rates from 3-8% to cover increasing operational costs and debt repayment.

Ms. Ramsey inquired about this loan application and whether all of the funds will be used immediately, or if some of the funding will be set aside in order to be used as matching funds for additional loans and grants. Mr. Mielke stated that bond counsel can review the agreement and can clarify if these funds are eligible to be used in such a manner. Ms. Dowswell noted the District has urgent repair needs and these funds are expected to be spent soon after they are received.

Mr. Fox requested that a list of priorities of major repairs is made available for the community to review.

There being no further public input, the public portion of the public hearing was closed.

Consider Approval of Design and Engineering Grant, CDPHE Loan and Bridge Loan: The Board considered the Loan Agreement between the Colorado Water Resources and Power Development Authority ("CWRPDA") and the District's Water and Wastewater Enterprise for design and engineering funding and an accompanying Resolution of the District's Water and Wastewater Enterprise approval. Mr. Mielke noted that this loan will be forgiven and does not require the District to pay it back. After further review and discussion, and upon motion duly made by Director Hodge, seconded by Director Hohne, and upon vote unanimously carried, the Board approved the Resolution.

The Board discussed the possibility of obtaining an interim loan to fund emergency repairs until a larger construction loan is obtained. After discussion regarding difficulties in the timing and feasibility of obtaining an interim loan, the Board tabled this matter.

Presentation of TZA Scope and Fee for Initial Water Improvements: Mr. Dea provided the Board with an overview of an amendment to TZA Engineers' existing services agreement with the District. Mr. Mielke identified that the amendment is necessary to expand TZA's scope of work beyond the Project Needs Assessment, and that such amendment had been anticipated at the time the original agreement was executed. After review and discussion, and upon motion duly made by Director Hodge, seconded by Director Hohne, and upon vote unanimously carried, the Board approved TZA's Amendment No. 1 to Services, and directed Ms. Dowswell to sign the amendment when finalized.

LEGAL MATTERS

Discussion Regarding Service and Dwelling Designation at 8575 Fall River Road: Mr. Mielke discussed the District's prior research regarding this property and its apparent noncompliance with the District's Rules and Regulations because it is structured as a duplex. Duplexes require separate service lines and tap fees. Mr. Mielke informed the Board that the new property owner is considering inserting a stairwell within the home, so it is no longer a duplex. Mr. Mielke further noted that the new property owner is considering converting part of the home into a commercial property, which would require additional District approvals with regard to water and wastewater service. The Board noted that the District has more pressing issues with regard to system repairs at this time and determined to grant the new property owner one year to bring the property into compliance with the District's Rules and Regulations, and that the Board would review this matter in one year to determine what action by the District, if any, is appropriate.

Lot Combination Request – Lot 622, St. Mary's Subdivision Unit 4 and Lot 661, St. Mary's Subdivision 5: The Board discussed a request from Robert Hartmann regarding Lot 622, St. Mary's Subdivision Unit 4 and Lot 661, St. Mary's Subdivision 5 to combine the two lots into a single lot, and specifically (1) that the Board waive any objection to the combination of those two lots, and (2) the Board vacate easements that exist between the two lots.

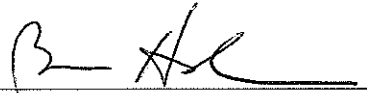
Prior to the Board meeting, Chris Oeland evaluated this situation in the field and reported that he sees no issue with allowing Mr. Hartmann to combine these lots.

Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne and, upon vote unanimously carried, the Board determined that (1) it does not object to the combination of the two lots; and (2) the District agrees to vacate the easement interests it may have solely for the 5-foot rear lot line utility easements located between the two lots, subject to the combination of those lots being approved and completed by Clear Creek County. Furthermore, the District reserves any easement rights it may have on other areas of the lots, including but not limited to the entirety of the easements along street lot lines, side lot lines, and other lot lines for the lots.

Discussion Regarding Modification of District Watering Restriction: The Board discussed a request to modify the District's watering restrictions. Following review and discussion, upon motion duly made by Director Hohne, seconded by Director Hodge and, upon vote unanimously carried, the Board approved the amendment of the Rules and Regulations to allow property owners to water grass seed after completion of construction activities on a property for no more than 45 days after the construction's completion in order to comply with Clear Creek County's erosion mitigation regulations.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:14 P.M.

By: 
Secretary for the Meeting