

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
APRIL 21, 2016

THE BOARD OF DIRECTORS OF THE DONALA WATER AND SANITATION DISTRICT MET IN REGULAR SESSION AT THE DISTRICT OFFICE, 15850 HOLBEIN DRIVE, GLENEAGLE SUBDIVISION, EL PASO COUNTY, COLORADO ON APRIL 21, 2016 AT 1:30 P.M.

DIRECTORS PRESENT: BILL GEORGE
 DAVID POWELL
 KEN JUDD
 BOB DENNY

ABSENT: BILL NANCE

STAFF PRESENT: KIP PETERSEN
 BETSY BRAY
 SHARON SAMEK
 GINETTE RITZ

GUESTS JIM KENDRICK
 ED HOULE
 MICHAEL LANG
 SCOTT PRICKETT
 STACEY ALDERSON

PRESIDENT BILL GEORGE OFFICIALLY CALLED THE MEETING TO ORDER AT 1:30 PM. HE NOTED FOR THE RECORD THAT BILL GEORGE, DAVE POWELL, KEN JUDD AND BOB DENNY ARE ALL PRESENT. GEORGE ASKED THE ATTENDEES TO PLEASE RISE FOR THE PLEDGE OF ALLEGIANCE. JUDD ASKED THAT DONALA FLY THE FLAG AT HALF MAST IN HONOR OF BILL NANCE'S DEATH ON APRIL 20, 2016. JUDD MOVED, POWELL SECOND, ALL "AYE"

PUBLIC COMMENT NON-AGENDA ITEMS:

GEORGE ASKED IF THERE WAS ANY PUBLIC COMMENT. THERE WAS NO PUBLIC COMMENT.

REVIEW OF MINUTES:

THE BOARD REVIEWED THE MINUTES OF THE MARCH 17, 2016 MEETING. THE MINUTES WERE APPROVED AS PRESENTED.

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

PETERSEN PRESENTED THE MARCH EXECUTIVE SUMMARY AND CHECK REGISTERS FOR BOTH DONALA AND THE WASTE TREATMENT PLANT. PETERSEN STATED THAT WE SHOULD BE AT ABOUT 75% REMAINING. A QUESTION WAS ASKED ABOUT CHECK #20183, 20216 AND 20227. THE BOARD THEN MOVED ON TO THE WASTE PLANT EXECUTIVE SUMMARY. THE BOARD THEN REVIEWED THE CHECK SUMMARY FOR THE WASTE PLANT. THE BOARD THEN ASKED ABOUT FOREST LAKES. PETERSEN STATED THAT APPROXIMATELY 7 TAPS HAD BEEN PAID AND THAT DONALA IS WORKING DILIGENTLY TO HELP BRING FOREST LAKES UP AND RUNNING. THE STAFF IS ACTUALLY ENJOYING THE CHALLENGE. PETERSEN THEN ASKED THE BOARD TO TURN THEIR ATTENTION TO SCOTT PRICKETT AND STACEY ALDERSON OF CHANDLER ASSET MANAGEMENT. PRICKETT THEN TALKED ABOUT THE DISTRICT'S INVESTMENT POLICY AND THAT DONALA'S POLICY IS ACTUALLY STILL A GOOD AND TRUE INVESTMENT POLICY. DONALA NEEDS TO WEIGH THE RISK TOLERANCE LEVEL WITH STATE STATUTES. PRICKETT THEN REVIEWED THE FINANCIAL MARKET AS A WHOLE AND HOW THE MARKET IS AFFECTING DONALA INVESTMENTS. IF THE FED TREASURY YIELD CURVE GOES UP, OUR SHORT TERM INTEREST WILL GO UP. THE BOARD AND PRICKETT AND STAFF CONTINUED TO DISCUSS TRENDS, AND RISK FACTORS. DENNY ASKED ABOUT THE \$597,000 THAT DONALA HAS (INSURANCE FOR BOND ISSUANCE). HE ASKED IF THIS MONEY COULD BE INVESTED TO EARN A BETTER YIELD? PRICKETT EXPLAINED THAT IT COULD BE INVESTED FOR A BETTER YIELD; HOWEVER, HIS FIRM HAS TO BE ASKED BY COLORADO WATER AND POWER AUTHORITY TO INVEST THAT MONEY. PETERSEN WILL CHECK INTO THIS AND GET BACK WITH THE BOARD ON THAT AS WELL AS THE BOND ISSUANCE MONEY. PRICKETT MENTIONED THAT DONALA SHOULD CONSIDER LEANING TOWARD ADDING TO THE LENGTH OF DURATION FOR THE MONEY. INSTEAD OF INVESTING IN PRODUCTS THAT MATURE IN 1-2 YEARS, DONALA SHOULD CONSIDER INVESTING IN PRODUCTS THAT MATURE UP TO 3 YEARS. THIS WOULD YIELD MORE AND THE RISK FACTOR WOULD STILL BE LOW. GEORGE THEN ASKED FOR A MOTION; DENNY MOVED TO REVIEW THE INVESTMENT POLICY AND AFTER PUBLIC DISCUSSION, OUR STRATEGY IS GOING TO BE EXTENDED FROM A SHORTER DURATION TARGET TO A 0-3 YEARS STRATEGY. DENNY MOVED, JUDD SECOND ALL "AYE". PRICKETT AND ALDERSON THEN NOTED THAT THEY HAVE MOVED TO THEIR NEW OFFICE ON 1875 LAWRENCE ST., DENVER, CO. ALDERSON WILL CHECK INTO SCHEDULE AND GET BACK TO THE BOARD.

GEORGE THEN NOTED THAT HE HAD READ DUTHIE'S EMAIL. GEORGE SUMMARIZED DUTHIE'S EMAIL FOR THE BOARD. GEORGE THEN STATED THAT HE FEELS THAT NANCE WAS DEFINITELY A VISIONARY. NANCE WAS A VISIONARY FOR DONALA AND HE WILL ALWAYS BE REMEMBERED AS A VISIONARY. DONALA'S THOUGHTS AND PRAYERS GO OUT TO MARY AND BILL'S FAMILY. BILL, YOU WILL BE MISSED. PETERSEN WILL SEND KENDRICK THE LINK

FOR A POSSIBLE FUTURE ARTICLE ON NANCE. PETERSEN THEN ASKED GEORGE TO DECLARE A VACANCY ON THE BOARD. GEORGE THEN DECLARED A VACANCY ON THE BOARD AS A RESULT OF THE PASSING OF BILL NANCE AT THE AGE OF 92. PETERSEN ADVISED THAT THE BOARD SHOULD THEN MAKE THE ANNOUNCEMENT IN THE NEWSLETTER AND ASK FOR APPLICATIONS TO BE RECEIVED NO LATER THAN MAY 26, 2016. THE EXISTING BOARD WOULD THEN INTERVIEW THE CANDIDATES AND DETERMINE THE BEST CANDIDATE FOR THE POSITION. THE INTERVIEWS WOULD BE HELD AT THE JUNE 23, 2016 BOARD MEETING.

MANAGER'S REPORT:

PETERSEN THEN DIRECTED THE BOARD TO THE PERSONNEL POLICIES AND PROCEDURES AMENDMENT. HE EXPLAINED THAT THE REASON FOR THIS AMENDMENT IS TO MAKE SURE ALL EMPLOYEES MAKE SURE THEY HAVE THE ADEQUATE TIME TO STUDY AND TEST FOR EACH CERTIFICATION. THE BOARD ASKED IF THIS HAS BEEN AN ONGOING PROBLEM; PETERSEN STATED THAT IT HAD ONLY HAPPENED A FEW TIMES BUT HE FELT IT WAS A GOOD IDEA TO MAKE SURE THAT ALL OF THE EMPLOYEES KNEW THE IMPORTANCE OF "PACING" THEMSELVES FOR EACH CERTIFICATION. AFTER DISCUSSION, POWELL MOVED TO ADOPT THE AMENDMENT, JUDD SECOND, ALL "AYE".

PETERSEN THEN DISCUSSED THE COLORADO SPECIAL DISTRICT PROPERTY AND LIABILITY INSURANCE POOL AND THAT AS PART OF THE TRANSITION, DONALA NEEDS TO APPOINT A MEMBER REPRESENTATIVE AND AN ALTERNATE MEMBER REPRESENTATIVE TO REPRESENT THE INTERESTS OF THE DISTRICT. PETERSEN RECOMMENDED HIMSELF AS THE REPRESENTATIVE AND BRAY AS THE ALTERNATE. AFTER DISCUSSION, JUDD MOVED TO APPOINT PETERSEN AS MEMBER REPRESENTATIVE AND BRAY AS ALTERNATE, POWELL SECOND, ALL "AYE".

PETERSEN THEN MOVED ON TO THE ARKANSAS BASIN ROUNDTABLE MEETING THAT HE AND HOULE HAD ATTENDED. PETERSEN NOTED THAT WITTE THE DIVISION 2 STATE ENGINEER, MADE A PRESENTATION ON THE "STATE OF THE ARKANSAS RIVER". THIS PRESENTATION WAS VERY INFORMATIVE. PETERSEN'S TAKE AWAY FROM THE PRESENTATION IS THAT THE STATE IS STARTING TO EXPEDITE WATER CASES. OF INTEREST TO NOTE IS THE NUMBER OF ENFORCEMENTS OF ILLEGAL DIVERSIONS OF WATER AND ALSO THE IMPACT OF MARIJUANA GROWS IN THE ARKANSAS RIVER BASIN, WHICH IS A MAJOR ECONOMIC CONTRIBUTOR IN PUEBLO COUNTY. PETERSEN WILL PRESENT A SLIDE SHOW ON THE "RECHARGE PROJECT" THAT DONALA STUDIED AS WELL AS A WATER STORAGE PROJECT PETERSEN WAS INVOLVED IN EARLIER. PETERSEN WILL PROVIDE COPIES OF THOSE SLIDES TO THE BOARD AFTER HIS PRESENTATION. DONALA'S RECHARGE PROJECT WAS A SUCCESS HOWEVER, IT WAS DEEMED TOO EXPENSIVE FOR NOW. AS TIME GOES ON, IT MAY BECOME A MORE VIABLE OPTION.

PETERSEN THEN MENTIONED THE PIKES PEAK REGIONAL WATER AUTHORITY THAT HE ATTENDED ON APRIL 6, 2016. HE STATED THAT AS IS TYPICAL, THE AUTHORITY IS SPENDING A LOT OF TIME MONITORING PROPOSED LEGISLATION THAT MAY IMPACT WATER PROVIDERS. HE SAID THAT THE RAIN BARREL BILL HAS PASSED AND IS ON THE GOVERNOR'S DESK FOR SIGNATURE. THE BILL REQUIRING DISTRICTS THAT HAVE OVER 2000

AF OF WATER TO CONDUCT ANNUAL WATER AUDITS HAS BEEN POSTPONED. FORSGREN AND ASSOCIATES HAS SUBMITTED A PROPOSAL TO DEVELOP A REPORT TO DESCRIBE EACH DISTRICT'S EFFORTS IN WATER CONSERVATION OVER THE LAST 15 YEARS. WHILE EXPENSIVE, THIS COULD BE A GOOD TOOL AS THE STATE WATER PLAN HAS A GOAL TO REDUCE WATER USAGE IN THE COMING YEARS. SINCE DONALA HAS ALREADY BEGUN TO CONSERVE WATER, BEING ASKED TO REDUCE AN EXTRA 20% COULD BE DIFFICULT. IF WE COULD SHOW THAT IN THE LAST 15 YEARS WE HAVE ALREADY BEGUN TO CONSERVE WATER, THIS MAY BE A GOOD EFFORT. THE COST FOR DEVELOPMENT OF THIS TOOL HAS YET TO BE DETERMINED.

WATER RETURNS SEMINAR:

PETERSEN NOTED THAT ON APRIL 13, 2016, DONALA HOSTED WATER RETURNS FOR THE CUSTOMERS. THIS SEMINAR ENDED UP WITH 29 RESIDENTS WHO ACTUALLY PARTICIPATED. THE SEMINAR WAS VERY WELL RECEIVED. PETERSEN FEELS THAT THE SEMINAR IS A SUCCESS AND WILL SCHEDULE ANOTHER ONE IN THE FALL.

FOREST LAKES IGA:

PETERSEN SAID THAT DONALA IS ROUGHLY ONE MONTH INTO THE IGA WITH FOREST LAKES AND ALL SEEMS TO BE WORKING QUITE WELL. THERE HAVE BEEN A FEW CHALLENGES, BUT THE STAFF IS ENJOYING THE NEW CHALLENGES AND THERE HAVE BEEN NO CONFLICTS OF INTEREST BETWEEN DONALA DISTRICT AND FOREST LAKES DUTIES. POWELL ASKED ABOUT FOREST LAKES' USE OF THE REMOTE READERS; WILL DONALA ALSO USE REMOTE READERS IN THE FUTURE? PETERSEN STATED THAT MOST LIKELY DONALA WOULD USE REMOTE READERS AND RETRO-FIT THE OTHER METERS THAT HAVE RECENTLY BEEN INSTALLED FOR CUSTOMERS. HOWEVER, THERE IS NO ROOM IN THE BUDGET FOR THAT LINE ITEM THIS YEAR SO THIS WILL BE DISCUSSED FOR THE NEXT BUDGET YEAR.

WILLOW CREEK RANCH:

PETERSEN STATED THAT ON MARCH 18, 2016 HE AND PARKER VISITED THE RANCH TO SURVEY THE SNOW PACK. THE SNOW IS RATHER "DRY" WITHOUT MUCH MOISTURE IN IT. WHILE THERE WERE NO PROBLEMS ACCESSING THE RANCH, THEY DID NOTICE LYNX TRACKS. THEY DID NOT SEE ANY EVIDENCE OF ELK TRACKS.

PETERSEN NOTED THAT THE GOOD NEWS IS THAT CSU AND PUEBLO HAVE REACHED A TENTATIVE AGREEMENT ON THE STORMWATER CONCERNS THAT HAVE HELD UP CSU'S 1041 PERMIT. WITH THE WATER ABOUT TO FLOW THROUGH THE SDS, THE TIMING IS VERY POSITIVE. PETERSEN FEELS THAT OUR 1041 PERMIT WILL BE THE NEXT ITEM ON THEIR AGENDA AND HE IS HOPEFUL. PETERSEN FEELS THAT DONALA NEEDS TO GET THE LONG TERM AGREEMENT WITH CSU BUT HIS AGREEMENT IS TIED TO THE 1041 PERMIT THAT DONALA MUST GET FROM PUEBLO FIRST.

PETERSEN ALSO STATED THAT IT APPEARS THAT THERE WILL BE NO "SPILL" O THE PUEBLO RESERVOIR THIS SPRING. AS A RESULT OF THE NEWS, DONALA WILL BE TAKING CREDIT FOR THE WATER COMING OFF OF THE RANCH BEGINNING MAY 1, 2016.

STATUS OF OPERATIONS/PROJECTS:

BOTH WAER PLKANTS ARE READY TO GO ONCE THE DEMANDS JUSTIFY STARTING THEM UP. DONALA WILL CONTINUE TO USE THE WILLOW CREEK RANCH WATER TO VACATE SPACE IN PUEBLO RESERVOIR. WE CURRENTLY HAVE 140 AF IN THE RESERVOIR.

THE WASTE TREATMENT PLANT IS RUNNING WELL AND ALL DISCHARGES ARE WELL WITHIN PERMIT LEVELS. THERE ARE STILL CONCERNS REGARDING PERIODIC SPIKES AND THE STAFF ARE CONTINUING EFFORTS TO DETERMINE THE CAUSES OF THOSE SPIKES. HULL HAS DEVELOPED WHAT HE BELIEVES MAY BE A CORRELATION BETWEEN WATER PUMPING AND LEVELS OF ARSENIC. HIS NOTES SUGGEST THAT THE MORE WE PUMP, THE MORE THE LEVELS OF ARSENIC RISE. ACZ LABS SEEM TO GO A GREAT JOB OF TESTING OUR WATER; THE WASTE PLANT IS VERY PLEASED WITH THEM. PETERSEN STILL PUSHING TO TREAT FOR ARSENIC AT WASTEPLANT RATHER THAN AT WATER PLANTS. HE FEELS THAT WE NEED TO DESIGN A PLAN FOR THIS TREATMENT BY 2018.

THE LATROBE TO HOLBEIN LOOP IS COMING ALONG; PETERSEN NOTED THAT AN AGREEMENT HAS BEEN REACHED BETWEEN DONALA AND THE PROPERTY OWNERS. MEYERS AND SAMS WILL HOST A COMMUNITY MEETING AT DONALA TO EXPLAIN THE PROCESS TO ALL CONCERNED. ALL BOARD MEMBERS ARE INVITED TO ATTEND AS WELL IF THEY WISH.

THE M2 MAINTENANCE FACILITY IS IN THE PROCESS OF AN UPGRADE. THE STAFF IS WORKING ON GETTING A FENCE PUT UP THERE AS WELL AS IMPROVEMENTS INSIDE THE BUILDING.

DEVELOPMENT UPDATES:

PETERSEN AND GRATRIX ARE WORKING ON A LETTER OF COMMITMENT. PETERSEN REITERATED TO GRATRIX THAT DONALA WILL MAINTAIN THE POSITION THAT THE UNDEVELOPED PROPERTY BE TRANSFERRED OVER THE GSA.

PETERSEN THEN NOTED THAT THE BARASH CONVENIENCE STORE AND THE STORAGE UNITS ARE STILL POSSIBILITIES BUT TO DATE NEITHER HAS BEEN APPROVED BY EL PASO COUNTY.

PUBLIC COMMENT:

BOARD THEN ASKED IF HOULE OR KENDRICK HAD ANY PUBLIC COMMENT. NEITHER HAD ANY PUBLIC COMMENT.

THERE BEING NO FURTHER BUSINESS OF THE BOARD, IT WAS MOVED BY POWELL, SECOND BY JUDD, ALL "AYE" TO ADJOURN THE MEETING AT 4:02 PM. MOTION CARRIED.

**THESE MINUTES ARE RESPECTFULLY SUBMITTED FOR RECORD BY BETSY BRAY
ON APRIL 22, 2016.**