

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
May 19, 2016

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District office, 15850 Holbein, Dr., El Paso County, Colorado on May 19, 2016 at 1:30 PM.

DIRECTORS PRESENT: Bill George
Ken Judd
Bob Denny
Ed Houle

ABSENT: David Powell

STAFF PRESENT: Kip Petersen
Betsy Bray
Sharon Samek

GUESTS Jim Kendrick
Michael Lang
Bill George

President George officially called the meeting to order at 1:30 pm. He noted for the record that George, Judd and Denny are all present. George asked the attendees to please rise for the pledge of allegiance. George then swore in Houle for his 1st 4 yr. term on the Board and Judd for his 2nd 4 yr. term on the Board. After the two Board Members were sworn in, it was noted that George's Board member duties officially ended. Petersen then thanked George for his service to Donala Water and Sanitation. Judd then was asked by Petersen to lead meeting in Vice-President Powell's absence. A motion was then made to delay the election of Board members until the next Board meeting since Powell is absent. Motion made by Denny, second by Houle, all "aye". It was noted that Nance's seat is still vacant. The Board will accept applications thru end of day on May 26, 2016. The Board will then interview potential board members and make their decision on June 23, 2016 at the June Board meeting.

PUBLIC COMMENT NON-AGENDA ITEMS:

Judd then asked if there was any public comment; there was no public comment.

REVIEW OF MINUTES:

Petersen then noted that all minutes will continue in mixed caps due to ease of reading. The Board then reviewed the Board Minutes. Judd asked if the rain barrel bill had been signed; Petersen noted that the bill had been signed. Judd then asked that we correct a typo on page 4; that GSA be corrected to read GCA. With correction, the minutes were then accepted as presented.

REVIEW OF FINANCIAL STATEMENTS AND CHECK SUMMARIES:

Petersen presented the April Executive Summary and Check Registers for both Donala and the Waste Treatment Plant. Petersen stated we should be at about 70% remaining. Houle asked if we are receiving the Tap Fees for Forest Lakes? Petersen answered that no, Donala does not get any of the tap fees for Forest Lakes, we just receive notification from Forest Lakes that they have received the tap fees and Donala is free to begin inspections on raw water lines for each home, etc. Petersen noted that Forest Lakes believes that occupation of the first home will occur around the end of June, 2016. Petersen then noted that the Baptist Road Booster project has been the largest expense in the Capital Projects line item. The plan for this project is just about complete. Petersen noted that the Donala 2015 audit is just about complete and will be presented by Sistare of Hoelting & Co. at the next Board meeting. Judd asked about the "If and when surcharge"; is this for anyone that has water in the Pueblo Reservoir? Petersen said "yes". Petersen then presented the financials for the Waste Treatment Plant. The large expense in office expense is because of Amnet expenses; otherwise everything else looks good. The Board then asked about the check made out to Law Firm of Connie King; Petersen stated that this is for AFCURE. Petersen then directed the Board to the Chandler Reports. He stated that the money has not been shifted out of the money market accounts as had been previously discussed but that transition is underway. He noted that Colorado Water and Power had been successful in refinancing bonds which will have the effect of lowering the payback on our 2006 loan. The savings was about \$320,000. Financials were then accepted as presented.

MANAGER'S REPORT:

Petersen stated that he had attended the last Arkansas Basin Water Forum and that Judd and Denny were also in attendance. Petersen feels that this is a good step that both Judd and Denny were recognized as being Board Directors for Donala Water. On Wednesday Petersen participated in a panel discussion of storage alternatives. He felt that this discussion was very well received; he provided a Power Point presentation to the Board of this discussion. Petersen felt that Justice Hobb did a great job of presenting of an overview of the Arkansas River and its' history. Petersen also noted that he had provided to the Board of Directors the summary presentation of the Recharge Project for Well 2A. This was also part of Petersen's panel discussion at the Arkansas Basin Water Forum.

Petersen then mentioned the SDA Seminar on the date of Nance's memorial service. He felt that the Board would not be interested as the board would most likely attend Nance's service.

Petersen noted that Donala had hosted a meeting on May 10, 2016 to explain to all concerned that wished to attend, the scope of the project to extend the Latrobe Water Line. Frisch from GMS gave the presentation and

did a great job of fielding questions and giving explanations of the project. The meeting was held from 5:30 PM-8:00PM. Approximately 17 homeowners and 5 staff members were present. The project will encompass about 2200' directional drilling with a 16" bore. The cost estimate is \$1,073,000. Project should be out to bid by mid-June and hopefully award will be at June Board Meeting. Construction is slated to begin in July 2016. Hope to have project finished by mid-September.

Petersen noted Nance's memorial mass to be held on 6-13-16. Petersen noted that an announcement was made in The Tri-Lakes Tribune, the Donala newsletter and the Donala website of an opening on the Board of Directors. Letters of interest must be received by May 26, 2016. Once letters of interest are received, interviews will be conducted and an appointment will be made.

Petersen was not able to attend the PPRWA meeting on May 4, 2016. Petersen then noted that the next PPRWA will be held June 1, 2016.

On May 11, 2016, there was an Arkansas Basin roundtable meeting that Petersen was not able to attend. Donala had been asked to provide comments on the Area 3 Infrastructure study. Petersen has provided Donala's comments to the Infrastructure committee. The next Arkansas Basin roundtable will be held in July 2016; no roundtable in June, 2016.

Petersen stated that all had been wrapped up for the sewer backup on 285 Desert Inn Way. Mr. and Mrs. Wilson seem pleased with the conclusion of the discussions regarding their damage. Petersen and Bray had been working with both the SDA Property and Casualty Pool and the Wilson's. Four homes could have been impacted. District policy is that once insurance has paid according to our Insurance Policy, Donala will cover the rest of the expenses. Donala has done so. Insurance will pay both homeowners about \$5,000 maximum.

Petersen noted that he and Prickett have been in conversation to make sure that the District investment policy remains in compliance with the State of Colorado and that it also allows for Donala to invest part of its' assets for a longer period of time to maximize returns. Petersen and McLaughlin of Colorado Water and Power have also been in conversation on this topic.

Petersen provided a copy of the adopted Rain Barrel Bill; this will become effective 8-10-2016. Petersen noted that the Public Trust Doctrine will be voted on in November 2016. This doctrine states that all water of Colorado is in the hands of the people. This would allow for fishing and other water sports on public water supply. This should be a ballot issue. Donala can take an official position with a resolution opposing this bill. This resolution would need to go in the September newsletter. Also of note is Public Health Care bill #69. Another potential bill of note is the fracking bill. This bill would give fracking to local control. This is another bill to watch.

WILLOW CREEK RANCH:

Petersen noted that Donala had taken water off of the ranch from May 1, 2016 through May 10, 2016. Vialpando and Parker have gone up and calibrated the flumes. Flumes are running full. He noted that the property around N. Willow was very muddy and very mushy. Typical spring melt. He noted that CSU SDS has started and is delivering water to CS, Pueblo West, Fountain and Security. With the SDS up and running, he and Fendel feel that it is now Donala's turn to get the 1041 permit finished up with Pueblo. Petersen has asked Fendel to press the issue and Fendel will report back. Petersen stated that Donala has asked for a FONSI and the hope is still there that this will happen. Leonard Rice is working with the Burec on the reclamation storage modelling. The hope is that this modelling will be finished by Fall 2016.

STATUS OF OPERATIONS/PROJECTS:

Both water treatment plants are standing by. Donala will continue to use Willow Creek Ranch. Donala currently has approximate 100 AF in Pueblo reservoir. Petersen is doubtful but there is still potential for spill to occur in May or June, 2016. Snowpack is still good.

Wastewater treatment plant is going well; the new motive pump was just installed. New screen has been installed. Design and repair for secondary access road is almost complete. Donala is trying to coordinate with El Paso County and Triview flume work. Denny then asked about the funding for FEMA; Donala has received the money from FEMA and FEMA will pay 75% of total estimated cost. Donala will have to pay approximately \$20,000. Petersen noted that no one has heard from BNSF regarding the boulder in the creek. This has to be moved as it creates an impediment. Petersen is still working on that.

DEVELOPMENT UPDATES:

Petersen had lunch with Don Smith regarding the development of Barash property; this will become a 7-11 now. Plans are still out to county. Also to be possibly developed are two hotels; one with 65 units and one with 125 units. The tap fee for the smaller hotel is about \$99,000.

Petersen noted that Gratrix has submitted plans for the golf course development to the county. Gratrix is still waiting for the county to reply. Petersen also noted the development of the new church on 5.1 acres at the corner of Struthers and Struthers Ranch road. This property is roughly across from the Big R. In all probability the groundbreaking will be held in 2017. The site plan for the church involved recommendations for moving the fire hydrant. Petersen feels that this has been taken care of.

Petersen then directed the board to the monthly volume report. He noted light usage. He also expects that May usage may be low as well. There was hydrant flushing this month which affects percentage of usage vs. billed.

Board then asked if Donala will keep pulling water off of the Ranch to conserve wells. Petersen said that Donala would continue to pull water for just that reason.

PUBLIC COMMENT:

Board then asked if there was any public comment. Lang asked about the Latrobe project. He wondered if casing would be used for the drill. Petersen stated that casing would be used. Lang then asked other questions about the Latrobe project; how long would it take, what type of equipment would be used and what length of time to complete this project. Petersen stated that the project would take approximately two months to complete, would be digging up to 14' deep in some areas and once the pipe begins to be pulled, it is impossible to stop pulling until the job is completed. Normally the pipe is pulled for 7-8 hours straight. George noted that Frisch did an excellent job of explaining and keeping the customers informed. Board then asked if George or Kendrick had any public comment. Kendrick had no public comment.

There being no further business of the board it was moved by Houle, second by Denny, all "aye" to adjourn the meeting at 2:24PM. Motion carried.

These minutes are respectfully submitted for record by Betsy Bray on May 20, 2016.

