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RECORD OF PROCEEDINGS

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**MINUTES OF THE BOARD OF DIRECTORS OF  
THE ARAPAHOE COUNTY WATER AND WASTEWATER AUTHORITY**

HELD: January 10, 2007

13031 E Caley Ave  
Centennial, CO 80111

**ATTENDANCE:**

Present were Directors: Hap Henderson, Doyle Tinkey, Rod Bockenfeld, Pat Mulhern, Susan Nix, Marie Mackenzie and Jim Dyer. Also in attendance were: Gary Atkin, Jennie Achee, Will Koger, Martin Stegmiller, Barbara Townsley and Legal Counsel Rick Kron of Grimshaw & Harring. Guests: John Hoffman, Greyhawk Electrical; Gary Woods, Tom Bradbury and Stephanie Stewart, Highfield Business Park

**CALL TO ORDER:**

Director Hap Henderson called the meeting to order at 9:05 a.m. in the Arapahoe conference room of the Arapahoe County Water and Wastewater Authority office at 13031 E Caley Ave Centennial, CO 80111. Director Bockenfeld led the Pledge of Allegiance.

Director Jim Dyer was sworn in as a member of the Board of Directors of the Arapahoe County Water and Wastewater Authority. He immediately began his duties as a Director.

**ADOPTION OF THE AGENDA:**

Mr. Atkin requested to add the Platte River Recovery Agreement to the agenda as Item #8A. A motion was made by Director Nix and seconded by Director Mackenzie to adopt the agenda with modifications. The motion passed 7 to 0.

**PUBLIC FORUM:**

Mr. John Hoffman addressed the Board. He gave recognition to Mr. Will Koger and Mr. Patrick Reed (ACWWA staff) stating that they are doing a fine job. Mr. Hoffman provided a handout showing that there are invoices unpaid by Bosco Construction to Greyhawk Electrical between 179 and 369 days old. The total amount due is over \$58,000. This has forced Mr. Hoffman to get a bank loan.

Therefore, he has no profit. He would like to see a resolution soon. Director Mulhern asked if any portion of the \$58,000 is in dispute with Bosco. It is not, per Mr. Hoffman. Mr. Kron explained to the Board where ACWWA is in the process with Bosco at this time.

#### CONSENT AGENDA:

Director Nix pointed out that Item 3C had an incorrect city listed for ACWWA. A motion was made by Director Mulhern and seconded by Director Mackenzie to approve the consent agenda with one change as noted. The motion passed 7 to 0. The consent agenda consists of the following items:

1. Approval of Meetings Minutes for December 13, 2006.
2. Approve Payment Requests for December 2006.
3. Approve PDAC Committee Items:
  - A. Approve Amendment to Professional Services Agreement with HDR regarding the Chapparal Pump Station, Project P-6C.
  - B. Approve Amendment to Professional Services Agreement with HDR Regarding the Loyd Well Improvements, Project P-22.
  - C. Approve Concord Phase III Reimbursement Agreement.
  - D. Approve Amendment to the IGA with the Town of Parker for the Raw Waterline Installation.

#### GENERAL BUSINESS ACTION ITEMS:

##### Item No. 4 – Highfield Business Park Water Service Agreement

Mr. Atkin explained to the Board that the Water Committee and the Finance Committee discussed the Highfield Business Park Water Service Agreement at their respective committee meetings, and recommended that the full Board go into Executive Session to discuss the items as discussed by the sub-committees.

#### EXECUTIVE SESSION

A motion was made by Director Tinkey and seconded by Director Nix to move into Executive Session to discuss Highfield Business Park Water Service Agreement at 9:18 a.m. pursuant to Section 24-6-402(4) (E) C.R.S. The motion passed 7 to 0. (Minutes of executive session kept separately pursuant to HB 01-1359.) The Executive Session ended at 9:37 a.m. No formal action was taken during executive session.

Following Executive Session, Director Henderson referred to the handout called "Director Briefing Report – Water Resource Agreement with Highfield Business Park, LLC" which identifies terms to serve as the basis for completing a Water Service Agreement. A motion was made by Director Bockenfeld and seconded by Director Mackenzie to approve the proposed negotiating points for Highfield

Business Park, and directing staff to present those points and negotiate with Highfield, and return a completed agreement for Board approval at a future date. The motion passed 7 to 0.

Mr. Atkin proposed that ACWWA submit a copy of the “DBR – Water Resources Agreement with HBP” to Mr. Woods for his review prior to negotiations which was approved by Director Henderson.

#### Item No. 5 – Water Service Agreement with Chapparral Metro District

Mr. Atkin referred to the “ACWWA/Chapparral Payment Summary” handout. He stated that he met with the Chapparral representative, Mr. Gary Cornish to discuss the last remaining item regarding the merger agreement. Rather than focusing on a particular mill levy or a particular period of time over which the mill levy was going to be imposed, ACWWA and Chapparral should be focusing on the value for the usage by Chapparral of the Public Improvement District assets. Mr. Atkin went over the handout in detail and explained that this is a reasonable, rational and relative way to come up with the number. Director Henderson asked if this method can establish the policy by which ACWWA can consider future mergers. Mr. Atkin would like to adopt this as such. In conclusion, Chapparral is going to use 2.33 percent of the total PID Water Improvement Investment of \$105,000,000. Chapparral would owe ACWWA \$2,446,500 for the value of the PID Investments. ACWWA would essentially invoice Chapparral for \$2,446,500 to merge with ACWWA for their prorata share of the PID system. At that time, ACWWA would work out the payment arrangements with Chapparral within specific guidelines. Director Mulhern stated that the numbers suggested don't take into account the risk that ACWWA's other customers are bearing. Chapparral residents will have locked in a specific cost but such a limit is not available to ACWWA customers. Director Tinkey stated that he has no comment because of his potential conflict of interest. Mr. Kron stated that now that there is a number, ACWWA could issue revenue bonds based on the payment terms. Director Mulhern said that the ability to charge Chapparral residents for their share of future revenue bonds satisfied his concern. The terms depend on what the Chapparral Board would like to do. A motion was made by Director Henderson and seconded by Director Bockenfeld to incorporate the “Payment Summary” presented, with the interest rate being ACWWA's cost of funds. ACWWA will charge Chapparral \$2,446,500 as a PID equivalency that can be paid preferably as an upfront payment, but as a secondary option, over a period of up to 35 years with the interest rate to be determined following discussion it with bond counsel. The motion passed 6 to 0 with Director Tinkey abstaining.

#### Item No. 6 –Professional Services Agreement for Asset Management, Project A-150

Mr. Atkin stated that staff has interviewed four potential consulting firms for the work regarding an asset management plan which as planned in the 2007 budget. Mr. Koger addressed the Board stating that the emphasis of this work is to have

this condition and risk assessment of our assets. It would help ACWWA to prioritize inspections, renewal and replacements of our most critical assets. It would be a matter of going through and prioritizing the assets based on the condition and how critical they are. Those scores would then help guide repair and replacement of the assets. This would help establish the right amount for ACWWA to set aside each year for renewal and replacement, and project spending for future years. This will be a good guide for ACWWA during the budgeting process this year. The recommendation is that ACWWA enter an agreement with MWH, chosen based on qualifications, to complete the Asset Management Plan. Mr. Atkin let the Board know that a significant amount of work will be done by staff in conjunction with MWH. A motion was made by Director Mulhern and seconded by Director Nix to approve entering an agreement with MWH for the Asset Management Plan and authorize the General Manager to sign following legal review. The motion passed 7 to 0.

#### Item No. 7 – Records Retention

Mr. Kron stated that the statute states that Executive Session records must be kept for at least 90 days so a policy needs to be made, which is what legal counsel is recommending. He went over the other records that are being kept by ACWWA and legal counsel. Director Henderson stated that the Board would like to keep the records according to legal counsel's suggestion. A motion was made by Director Henderson and seconded by Director Tinkey to adopt a 90 day records retention policy in accordance with state statute for Executive Session for minutes and tapes. The motion passed 7 to 0.

#### Item No. 8 – Nominating Committee Recommendations

The Nominating Committee is Director Nix and Director Mulhern. Director Nix stated that the recommendations are as listed:

President:	Ralph "Hap" Henderson
1 <sup>st</sup> Vice President:	Doyle Tinkey
2 <sup>nd</sup> Vice President:	Bart Miller
Treasurer:	Rod Bockenfeld
Assistant Treasurer:	Jim Dyer
Secretary:	Susan Nix
Assistant Secretary:	Marie Mackenzie
Assistant Secretary:	Pat Mulhern
All Board Members:	Assistant Secretary

Director Nix asked Director Dyer to be the Assistant Treasurer, which he accepted. The Board talked about last year, the 1<sup>st</sup> Vice President moving up to the President position this year, which is what is being recommended. A motion

was made by Director Henderson and seconded by Director Mackenzie to accept the nominating committee recommendations. The motion passed 7 to 0.

#### Item No. 8A – Platte River Recovery Agreement

Mr. Atkin referred to the handout regarding Fish and Wildlife Service in conjunction with the ACWWA Water Plant project. Director Mulhern explained that the issue is the endangered species on the South Platte River. Nebraska, Wyoming and Colorado worked together and formed a Tri State Agreement related to dealing with endangered species on the South Platte River. Water suppliers are in support of this. The idea is to get everyone that has water supply off of the South Platte River to fund the program. The cost would be \$1.00 - \$3.00 per tap per year. This agreement would sign ACWWA on to participate in the program. The other option is to go into an individual Section 7 consultation. It is Director Mulhern's understanding that ACWWA would not owe dues until the plant is complete, which will be a couple of years. A motion was made by Director Tinkey and seconded by Director Nix to approve the Platte River Recovery Agreement as presented. Mr. Atkin added to the motion that this be delegated to the General Manager's signature when the corrections are made. Director Henderson noted that the agreement had a typo on page 1 which will be corrected. The motion passed 7 to 0 with Mr. Atkin's recommendations.

#### Item No. 9A – Report on Antelope Water System Quality

Mr. Koger explained that there is a single water feed coming from the Chapparal Pump Station. ACWWA staff has been flushing the system with approximately 75,000 gallons of water per month. There is a possibility that ACWWA staff will be able to circulate about half of the Antelope system's water back to the main system, and reduce the amount that needs to be flushed to 35,000 gallons. The valving will be adjusted to allow this by the end of the month. Staff is considering more frequent flushing temporarily. One thing being considered is working out an agreement to serve Creekside Elementary School, that is currently served by Chapparal Metro District. Extending the water line to have a high demand user at the end of the system would help keep the water moving through the Antelope portion. ACWWA staff is working on getting pressure information from the school and from the ACWWA system to see how the pressure would match up with Chapparal. Mr. Koger will have a recommendation to the PDAC committee by the next committee meeting. Mr. Stegmiller informed the Board that staff has some analysis but they are still collecting data. No formal action was taken.

Item No 11 - Legal Report

Mr. Kron stated that Amendment 41 which was recently passed does not apply to the ACWWA Board. This is up to each member of the Board.

OTHER MATERS

The ACWWA Board recently made a decision to have committees made up of 3 Board members each. There are positions available on the finance committee and the PDAC committee. Director Bockenfeld recommended Director Dyer to be on a committee. Director Henderson advised Director Dyer that there will be a Board Member Handbook available shortly. It is currently being worked on.

INFORMATION ITEMS AND REPORTS

Written reports were provided to the Board on the following topics:

Item No. 9 – General Manager Report

- A. Report on Antelope Water System.
- B. Bond Closing Dinner Scheduled for January 24.

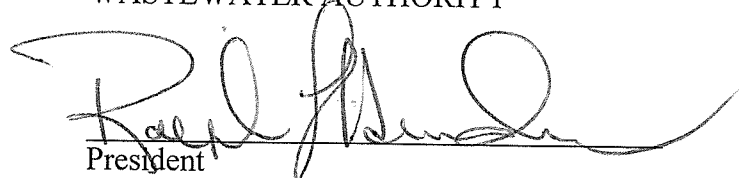
Item No. 10 –Financial Report

ADJOURNMENT:

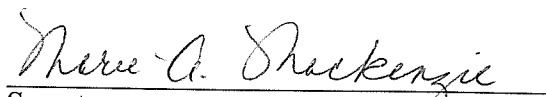
A motion was made by Director Henderson and seconded by Director Tinkey to adjourn the meeting at 10:40 a.m. The motion passed 7 to 0.

Approved: February 14, 2007

ARAPAHOE COUNTY WATER AND  
WASTEWATER AUTHORITY

  
President

ATTEST:

  
Secretary