
RECORD OF PROCEEDINGS

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

HELD: March 14, 2007

13031 E Caley Ave
Centennial, CO 80111

ATTENDANCE:

Present were Directors: Hap Henderson, Doyle Tinkey, Rod Bockenfeld, Pat Mulhern, Bart Miller, Marie Mackenzie, Linda Lehrer and Jim Dyer. Also in attendance were: Gary Atkin, Jennie Achee, Will Koger, Martin Stegmiller, Barbara Townsley, Brian Bertsch and Legal Counsel Rick Kron of Grimshaw & Harring.

CALL TO ORDER:

Director Hap Henderson called the meeting to order at 9:04 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 Lehrer led the Pledge of Allegiance.

ADOPTION OF THE AGENDA:

Director Henderson requested Item #4 be moved to Item #6A and discussed in Executive Session. Mr. Atkin requested that information Item #16 be added to the agenda regarding the Participation Agreement for Chatfield Reservoir. A motion was made by Director Bockenfeld and seconded by Director Mackenzie to adopt the agenda with modifications. The motion passed 6 to 0.

Director Linda Lehrer was sworn in as a member of the Board of Directors of the Arapahoe County Water and Wastewater Authority. She immediately began her duties as a Director.

PUBLIC FORUM:

No discussion in public forum.

CONSENT AGENDA:

A motion was made by Director Miller and seconded by Director Tinkey to approve the consent agenda with the exception of Item #4 which will be discussed in Executive Session. The motion passed 7 to 0. The consent agenda consists of the following items:

1. Approval of Meetings Minutes for February 14, 2007.
2. Approve Payment Requests for February 2007.
3. Approve PDAC Committee Items:
 - A. Approve Vacation of Easement in Southfield Park.
 - B. Approve Amendment to Professional Services Agreement with Black & Veatch for Lift Station Sewer Lines, ACCWPID Project P-24.
4. Approve Down Payment and Due Diligence Work Regarding Water Rights.
5. Approve Disposal of Fixed Assets.

GENERAL BUSINESS ACTION ITEMS:

Item No. 6A (Previously Item No. 4) - Approve Down Payment and Due Diligence Work Regarding Water Rights

EXECUTIVE SESSION

A motion was made by Director Henderson and seconded by Director Miller to move into Executive Session to discuss negotiating position on water rights at 9:12 a.m. pursuant to Section 24-6-402(4) (A) and Section 24-6-402(4) (E) C.R.S. The motion passed 7 to 0. (Executive session meetings are recorded and retained for 90 days.)

The Executive Session ended at 9:22 a.m. A motion was made by Director Miller and seconded by Director Mackenzie to ratify the prior action of an email poll approving a down payment allowing ACWWA to participate in the due diligence effort regarding the water rights. The motion passed 7 to 0.

Item No. 6 – Board Acknowledgement of Efforts by Maintenance Superintendent Brian Bertsch

Director Henderson along with Mr. Atkin acknowledged Mr. Bertsch for the work he did on the Board room and stated it is a very comfortable atmosphere for the Board members to hold their meetings. Mr. Bertsch gave credit to Mr. Reuben Frank and Ms. Barbara Townsley who assisted him with the project. Mr. Bertsch also made the podium for a minimal cost which was complimented.

Item No. 7 – Discussion and Possible Action Regarding the Appointment to the Office of Board Secretary

A motion was made by Director Miller and seconded by Director Mulhern to appoint Director Mackenzie to be the Board Secretary. The motion passed 7 to 0.

Item No. 8 – Discussion and Possible Action Regarding Assignment of Board Members to Standing Committees

Director Henderson stated that Director Lehrer, who is a registered and certified Professional Geologist with an MBA, has volunteered to serve on the Finance Committee. Alan Leak, who is a registered Professional Engineer, has volunteered to serve on the PDAC Committee. Director Dyer is also on the PDAC Committee. Director Henderson reiterated that the Board depends on the committees. Director Miller volunteered to be on the Finance Committee. The Board would like an email sent out to all Board members letting them know of the upcoming committee meetings along with the agenda. A motion was made by Director Tinkey and seconded by Director Henderson to appoint Director Lehrer and Director Miller to the Finance Committee and Director Leak to the PDAC Committee for the coming year. The motion passed 7 to 0.

Item No. 9 – Discussion and Possible Action Regarding Water Service to the Tagawa Gardens

Mr. Koger addressed the Board. He stated that Tagawa Gardens sent a letter to the ACWWA Board of Directors requesting service from ACWWA in exchange for some things of value to ACWWA. Tagawa Gardens is included in the Arapahoe Water and Sanitation District and the original Arapahoe County Water and Wastewater Public Improvement District boundary. The Water Committee recommended that ACWWA not purchase Tagawa's water rights in excess of their service requirement, and not give any credit towards tap fees. Mr. Atkin stated that Tagawa has said that their wells are failing. Tagawa Gardens estimates their usage at up to 13 AF/yr (19 tap equivalents at 0.7 TE/AF/yr per their inclusion agreement). The water is needed primarily for irrigation. Director Henderson mentioned another thing that was discussed in the Water Committee meeting was the water quality and the Inclusion Agreement was reviewed. A number of options were discussed regarding this property. Tagawa Gardens is interested in getting service this summer. Per Mr. Kron, the Board will have to decide what to do with paragraph 6 in the Inclusion Agreement where it shows .7 acre feet for each tap required to serve the proposed development versus the current standard which is .5 acre feet. Mr. Koger verified that the water is half Arapahoe and half Denver aquifers. Mr. Atkin stated that the immediate question is the amount ACWWA is willing to give Tagawa as an offset to the tap fees. Some options were discussed and staff has clear direction. More work will be done by staff and information will be brought back to the Board at a later date.

Item No. 10 – Discussion and Possible Action Regarding Purchase of Additional Water Shares from the Western Water Deal

Mr. Atkin referred to the spreadsheet in the Board packet showing the current percentage of ownership of the Cherry Creek Project Water Authority Supply by ACWWA and the other partners. The spreadsheet also shows the target contribution level by ACWWA and the other partners. The numbers in the spreadsheet are all based on interest rates approved through March 15th.

Director Dyer joined the meeting at 10:18 a.m.

Mr. Atkin stated that storage capacity will help significantly but the water could be used without it if ACWWA were to build a pipeline. The purchase price of the Western Water assets were \$7,000 per acre foot. A motion was made by Director Tinkey and seconded by Director Mackenzie to approve a payment in the amount of \$1,059,344 for the Cherry Creek Project Water Authority. The motion passed 7 to 0 with Director Mulhern abstaining.

Item No. 11 – Discussion and Possible Action Regarding Establishment of an ACWWA Service Boundary

Director Henderson explained that ACWWA has no formal boundaries. Mr. Atkin stated that to reach a decision on the boundaries will take 3 or 4 months and suggested holding a public hearing for the normal boundary to be established. Staff has suggested to the PDAC Committee and Water Committee the service area could include the original Arapahoe Water and Sanitation District boundaries and any inclusions and also Arapahoe County Water and Wastewater Public Improvement District boundaries and any inclusions. That would differ in how ACWWA considers the service boundary so far and Mr. Koger gave some examples. ACWWA would have some areas that would be considered contract areas such as Foxfield, Antelope, Elkhorn, Aurora and Cottonwood. Any areas where ACWWA provides some services but not the full range of services would be a contract area. Planning areas would be areas that ACWWA could serve in the future because of a merger, ACWWA extension of the service area, or service by contract. If the Board were to adopt this definition of the service area, then any inclusions to the PID would automatically become part of ACWWA's service area. The Board would like to see a map overlay with ACWWA, contract areas, AWSO and the PID to see the differences. Director Henderson suggested bringing this to the Water Committee. It was suggested that these maps be added to the Board Member Handbook.

INFORMATION ITEMS AND REPORTS

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

Item #12 – Update on South Platte Water Related Activities Program, Inc.

Per Mr. Atkin, staff is preparing a check to the South Platte Water Related Activities Program Inc. who is administering the program for the U.S. Fish and Wildlife and the EPA. It keeps ACWWA in the group that is working with these agencies for mitigation activities on the South Platte. The program is roughly \$1,000,000 total and ACWWA's portion is approximately \$2,000. ACWWA is expected to participate at this level for a number of years. All the members of the South Metro Water Authority have agreed to participate in this program and are all contributing.

Item No. 13 – General Manager Report

A. Update on Late Completion of Chapparral Pump Station and Loyd Well Projects.

Mr. Koger informed the Board that ACWWA had 2 projects done by Bosco Constructors which were late on completion. One was late on substantial completion and both were late on final completion. Bosco owes ACWWA \$34,500 on the first late completion and \$67,000 on both final completions. ACWWA isn't holding enough money to recoup all these costs. There is another claim for \$48,000 against Bosco with a supplier. Bosco is working on that claim and will have it completed by March 28, 2007.

B. Letter of Interest for South Metro Water Authority Projects.

Mr. Atkin stated that this particular case has to do with a development called Renaissance located in Greeley. There is roughly 3,000 – 10,000 acre feet of water rights available in the Greeley area. The new price is unknown at this time. The Letter of Interest would go out to the South Metro Group to determine from the 13 members who would be interested in participating. It is not binding at this point. Director Henderson said that the letter can be signed.

Item No. 16 – Draft Participation Agreement with Chatfield Reservoir

Mr. Atkin referred to the Draft Participation Agreement with Chatfield Reservoir. ACWWA's portion of involvement in Chatfield is very minor. The reason is

because there is not much water available and ACWWA's ability to use any of the storage is limited. This subject will be on the agenda for next month.

Item No. 14 – Financial Report

Ms. Achee told the Board that the audit was finished as of March 2nd. The paperwork is being done now.

Item No. 15 – Legal Report

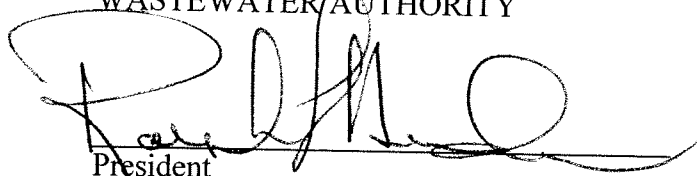
Mr. Kron went over the correct Executive Session process with the Board.

ADJOURNMENT:

A motion was made by Director Henderson and seconded by Director Lehrer to adjourn the meeting at 11:12 a.m. The motion passed 8 to 0.

Approved: April 11, 2007

ARAPAHOE COUNTY WATER AND
WASTEWATER AUTHORITY



President

ATTEST:

Maria A. Shackenberg
Secretary