

RECORD OF PROCEEDINGS

A meeting of the Woodmoor Water and Sanitation District No. 1 (WWSD) Board of Directors was held on August 22, 2011 at the Woodmoor Water and Sanitation District No. 1 office.

PRESENT:

Director Town
Director Taylor
Director Wyss

Manager: Jessie J. Shaffer
Ass't. Manager: Randy Gillette
Attorney: Erin Smith

Secretary: Marsha Howland

Visitors: Walraven Ketellapper – Stillwater Resources
Candice Hitt – Our Community News
Kimberly Mihelich – Colorado Rural Water Association
Pat Hall – HCH, PC
Cole Honeck - HCH, PC
Jim Manire – BLX Group
Roger Hartman – THC Utility Management Specialist
Robin Moore – George K Baum & Company

I. **Call to Order:**

President Town called the meeting to order at 1:08 p.m.

Motion:

It was moved by Director Taylor, duly seconded by Director Whitelaw and unanimously passed to excuse Director Courrau from the August 22, 2011 Board Meeting.

II. **Reading of the Minutes:**

Copies of the July 14, 2011 and July 29, 2011 meeting minutes of the Woodmoor Water and Sanitation District were provided to each director. It was moved, duly seconded and unanimously passed that the minutes be approved.

III. **Financial Report:**

Director Wyss was not present to review the financial reports. Director Town asked if certain categories of the financial reports could be shown in bold print. Howland will discuss this issue with Director Town at a later date and make the adjustments.

IV. **Public Discussion:**

1. There was no one who wished to appear before the Board.

V. **Joint Use Committee (JUC) Report:**

1. The JUC meeting was held on July 9, 2011. Director Whitelaw attended. Director Whitelaw reported that the JUC has not decided when they will start construction of the storage shed. Gillette stated that the Town of Palmer Lake would like to force the City of Monument to contribute to the storage shed cost. The Board decided not to take this action. Whitelaw stated that the JUC also discussed the nitrogen and phosphorus EPA standards and had nothing new to report on this subject.

VI. **Manager's Report:**

Shaffer reviewed the Manager's Report dated August 22, 2011, a copy of which is attached hereto.

1. **Pikes Peak Regional Water Authority (PPRWA):** Shaffer stated the next meeting for the PPRWA will be in September, 2011.
 - A. **Flaming Gorge Task Force Assessment:** Shaffer stated that the task force is waiting to use the Bureau of Reclamation's hydraulic model of the river system. They estimate it will be this fall before they will have the model.
2. **Operations – Gillette:** Gillette reported that the water pumped vs. water billed is at 99% for the month of July, 2011. Gillette stated that WWSD meter reading procedure is back on track. Lake Woodmoor is at 7091.48 feet.
3. **Construction:** Gillette reported that the work on Wells 10, 16 and 17 is complete. They are back in the ground and functional. Work on Well 7 should be complete by the end of 2011.
4. **Other Topics:** None

5. Special Reports and Subjects:

1. **Engineer's Report:** Nothing to report.
2. **Attorney's Report:** Nothing to report.

VIII. Old Business:

1. **Jaspers & Hall Discussion:** Mr. Hall introduced Mr. Honeck of HCH, PC to the Board. Hall reported to the Board a summary of events starting in 2008 up to the time that Jaspers & Hall dissolved their company and Mr. Hall's CPA license was suspended. Hall apologized to the Board for not disclosing this information earlier. Hall handed out a peer review concerning governmental accounting that was done in 2009, a copy of which is attached hereto. This report stated that Jaspers & Hall, P.C. met all requirements for quality control standards. Hall stated that the 2010 audit he completed for WWSD was reviewed and issued by HCH, PC. Hall stated that he would like to continue relations with WWSD under the supervision of HCH, P.C. Director Town stated that the past relationship between WWSD and Mr. Hall were good, but due to the current status, the Board will have to discuss future relations.
2. **Presentation of Source Water Protection Plan:** Kimberly Mihelich presented the final copy of the Source Water Protection Plan to the Board, a copy of which is attached hereto. Ms. Mihelich explained the process and summarized the completion of the Source Water Protection Plan. Mihelich explained that WWSD has the option of updating this plan as needed. Gillette noted that the Source Water Protection Plan will be posted on WWSD's website. Gillette stated that he will have a signage presentation at the next Board meeting for the WIA/WWSD Trail Signage Proposal.

Motion:

It was moved by Director Taylor, duly seconded by Director Whitelaw and unanimously passed to Adopt the Source Water Protection Plan.

Executive Session:

It was moved, duly seconded, and unanimously approved that the Board move into Executive Session pursuant to (1) C.R.S. 24-6-402(4)(a), for "discussions related to the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest"; and (2) C.R.S. 24-6-402(4)(e), to "determine positions relative to matters that may be subject to negotiations; developing strategy for negotiations, and instructing negotiators all related to property, including but not limited to acquisition and disposal of water and storage rights and negotiations regarding financing the same." The Executive Session commenced at 2:00 p.m. The Board returned to Regular Session at 2:54 p.m.

Note: Director Wyss joined the Executive Session at 2:11 p.m.

New Business:

1. **Water Rate Discussion:** Shaffer asked Roger Hartman to present the new rate analysis for the Board. Hartman explained the different water rate schedules along with renewable water service fees for the Board to consider in order to pay for the JV Ranch Acquisition. Shaffer pointed out that he also needs direction on the PR plan which will go along with the new rate schedule. Director Wyss asked Shaffer to complete a gnatt chart showing the critical time lines. Shaffer will e-mail the Directors the gnatt chart along with Bill Ray's PR presentation for review before the September, 2011 meeting. After a lengthy discussion, the Board decided that they would review the material Shaffer sends them and be able to make a decision at the September 13, 2011 Board Meeting.
2. **Mid Year Budget Update:** Shaffer reviewed the Mid-Year Budget Update, a copy of which is attached hereto. The budget shows the projected income and expenses for 2011 year-end given the actual information as of 7-31-11. The consensus was that Shaffer could use it for working purposes.
3. **Consider Financial Advisory Services Engagement with BLX Group LLC:** Jim Manire reviewed the Financial Advisory Services Engagement, a copy of which is attached hereto. Manire explained the fee structure that will be due to the BLX Group, LLC in the amount of \$27,500. Manire stated that there will be other fees due at closing of the JV Ranch acquisition, but he only has estimates at this time. Manire stated that the BLX Group, LLC will be working closely with George K Baum & Company in order to get the best bond rating possible. Shaffer stated that Smith reviewed the document and approved it.

Motion:

It was moved by Director Wyss, duly seconded by Director Taylor and unanimously passed to approve the Financial Advisory Services Engagement with BLX Group, LLC.

4. **Consider Renewal of ACH Agreement with Peoples National Bank:** Shaffer reported that The ACH Agreement with Peoples National Bank is up for renewal. The ACH program allows WWSD's customers the option to use auto draft for payment. Smith stated that the agreement is not final and a few provisions needed to be discussed with Peoples National Bank.

Motion:

It was moved by Director Whitelaw, duly seconded by Director Wyss and unanimously passed to approve the ACH Agreement with Peoples National Bank subject to management and attorney discussing some provisions to the agreement with Peoples National Bank.

Motion:

It was moved by Director Wyss, duly seconded by Director Taylor and unanimously passed to approve (1) payment of \$45,000 contract extension to JV Ranches, LLC and JV Ranches II, LLC; and (2) payment of \$75,000 to extend the diligence period under the Contract to buy and Sell Real Estate with JV Ranches, LLC and JV Ranches II, LLC.

XI. Adjournment

There being no other business to come before the Board, it was moved and duly seconded that the meeting be adjourned. The motion passed unanimously and the meeting adjourned at 4:29 p.m.

Respectfully Submitted,



James Taylor, Secretary