

RECORD OF PROCEEDINGS

A meeting of the Woodmoor Water and Sanitation District No. 1 (WWSD) Board of Directors was held on July 13, 2017 at the Woodmoor Water and Sanitation District No. 1 office.

PRESENT:	Director Taylor Director Schwab Director Wyss Director Bush
Manager:	Jessie J. Shaffer
Assistant Manager:	Randy Gillette
Attorney:	Erin Smith
Secretary:	Marsha Howland
Visitors:	James Howald - Our Community News Uli Keeley - John Cutler & Associates Jim Manire - Hill Top Securities, Inc. (Conference Call)

- I. **Call to Order:** President Taylor called the meeting to order at 1:00 p.m.

- II. **Reading of the Minutes:** Copies of the June 6, 2017 and June 8, 2017 meeting minutes of the Woodmoor Water and Sanitation District were provided to each Director. It was moved, duly seconded, and unanimously passed that the meeting minutes be approved.

- III. **New Business:**
 - A. 2016 Audit Presentation (John Cutler & Assoc.) and Audit Acceptance: Shaffer introduced Uli Keeley from John Cutler & Associates to the Board. Shaffer stated that Keeley had performed the 2016 audit, and would answer any questions the Board had regarding the audit. President Taylor asked Kelley to explain the compensated absences statement on page six of the audit in regards to sick leave. Shaffer stated that an employee can accrue up to 320 sick hours. When the employee leaves WWSD, on good terms, the first 160 hours are paid out at the employee's current hourly rate, and the remaining hours, up to 320 hours, are paid out at one and one-half times the employee's current rate of pay. Shaffer stated that previous District Manager wanted to give the employees an incentive to bank their sick time since the District does not carry a short term disability policy. Shaffer stated that employees have to wait 90 days before the long term disability benefit comes into

play. Taylor asked if the Chilcott Ditch Company should be included as a reporting entity in the audit since WWSD is a major stockholder. Keeley stated that she would send the governmental entity flow chart to Shaffer. Keeley stated that this chart would help Shaffer identify the relationship between WWSD and the Chilcott Ditch Company, and help him determine if it needs to be included in the audit. Director Wyss asked if there were any major adjustments made to the year end book totals. Keeley stated that she did make adjustments, but they were the basic standard adjustments that are made each year. Keeley summarized the audit, stating that it went very smooth and WWSD is in a very good financial status. The Board thanked Keeley for her work on the audit.

Motion: Upon motion by Director Schwab, and seconded by Director Bush the Board unanimously voted to accept the 2016 financial audit.

B. Agenda Item Scratched.

C. Discussion Regarding Advanced Refunding Opportunity of the District's 2011 Water & Wastewater Revenue Bonds: Shaffer reported that WWSD has an opportunity to refinance their 2011 revenues bonds. Shaffer stated that this would be an advanced refunding opportunity. Shaffer stated that the District could refinance non-callable debt. The process would be to borrow money to set up a sinking fund so that the District could continue to pay bond holders of non-callable bonds, and refinance the remaining debt. Shaffer stated that you are only allowed to take advantage of the advance refunding process once. Shaffer reported that he received information about the advanced refunding from George K Baum and forwarded the information to Jim Manire, the District's financial consultant to get his opinion and advice. Manire prepared an analysis on the advanced refunding for the Board. Director Bush asked what the cost would be to the District to refinance. Shaffer stated that the District would have to pay fees to the underwriter, the bond counsel, the rating agency, and other minor fees. Shaffer reported that the analysis shows a present value savings of a little over one million dollars over the life of the bonds. Bush asked what negative arbitrage means. Shaffer stated that it is basically how much it will cost to set up the escrow account. Director Wyss stated if the rates stay flat, in his opinion, you should wait to refinance, but if the rates rise you should refinance now. Wyss stated that it is always a gamble trying to judge what the rates are going to do. Manire joined the Board Meeting via phone conferencing. Manire summarized his analysis for the Board. Manire stated that there is no right or wrong decision to refinance, that the market changes daily. Manire stated that his thoughts are to wait and see what the market does, but he wants the Board to be completely informed before they make a decision. The Board thanked Manire for his analysis. President Taylor, who is a bond holder, removed himself from further discussions on this topic. Director Bush stated that he has issues with borrowing money for the sinking fund when the District had the money in their reserve accounts. After a lengthy discussion, the Board decided not to refinance the bonds at this time. The Board discussed other options, such as paying the bonds off early to save interest. The Board will also look at the new long range plan to see what other options will be available to pay back the bonds. The Board directed Shaffer to contact Raftelis Financial Consultants for their input on the best way to pay back the bonds.

Motion: Upon motion by Director Schwab, and seconded by Director Bush the Board unanimously voted to excuse Director Strom for the Board Meeting.

IV. **Old Business:** None.

V. **Financial Report:** Director Wyss stated that he has reviewed the financial statements, and does not have any changes. It was moved, seconded and unanimously passed that the financial reports be accepted.

VI. **Public Discussion:** None.

VII. **Joint Use Committee Report:** Taylor stated that Director Strom emailed his JUC report to him. Strom reported that Pat Smith was appointed Palmer Lake's JUC representative. Strom stated that the majority of the JUC meeting was spent discussing a new State Incentive Program. Strom will have more information concerning the program as he receives it.

VIII. **Chilcott Ditch Company / The Ranch Report:** Shaffer reported that the siphon project has been completed. Shaffer stated that he is pleased with the new siphon. Shaffer stated that he will finalize the loan for the siphon reconstruction in the next few weeks.

Note: The August Board Meeting will be held on August 17, 2017.

IX. Manager's Report: Shaffer reviewed the manager's report dated July 13, 2017 a copy of which is attached hereto.

A. Collaborative Organizations / Opportunities:

- i. PPRWA: Shaffer stated that Will Kroger will present his results for the Zone 3 Infrastructure Study at the August Board Meeting.

B. Operations

- i. Water Report: Gillette stated that Operations have been busy with well rehabs. Gillette reported that Wells 11 and 18 are down. Gillette stated that Lake Woodmoor is down about four feet. Gillette reported that demands were high during the hot and dry weather the last few weeks. Gillette stated that the unaccounted water was at 9% last month. Gillette stated that he has not received any water quality complaints to date. Gillette stated that he is happy with the new aerators for Lake Woodmoor.
- ii. Sewer Report: Gillette stated that WWSD is working on the summer sewer rehab and cleaning process.

C. District Construction/Planning Projects:

- i. 2017 Long Range Plan: Shaffer stated that the 2017 long range plan is on schedule.
- ii. SFP Ozone: Shaffer stated that most of the equipment for the ozone project is on site. Shaffer stated that by the end of July the project should be up and running.

D. WWSD Subdivision/Development Status Update: None.

E. Other Topics: None.

Note: Gillette wanted to recognize Gary Potter, WWSD's lead operator, for passing his A certification.

X. Special Reports & Subjects:

- i. Engineer's Report: None
- ii. Attorney's Report: None
- iii. WIA Meeting Report: Bush reported that they have had residents complain about speeding in Woodmoor. Public safety set up their smart trailer on Shadowood Drive. Bush reported that 532 people passed the trailer at 24 mph, (25 mph is the speed limit) and only three drivers exceeded the speed limit by 10 or 11 mph. Bush reported that the trailer was then stationed at White Fawn Drive where 1,639 vehicles passed the trailer and 67% of them were going the speed limit. Bush stated that only a few were going 15 - 20 mph over the limit.

XI. Executive Session:

It was moved, duly seconded, and unanimously approved that the Board move into Executive Session pursuant to: C.R.S. Section 24-6-402: (1) Subsection (a) for discussions related to the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest; and (2) Subsection (e) to determine positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators; and (3) Subsection (b) for a conference with legal counsel for the purpose of receiving legal advice on specific legal questions; all related to the Joint Use Agreement. Session commenced at 3:17 p.m. The Board returned to Regular Session at 3:32 p.m.

- XII. 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 3:35 p.m.

Record of July 13, 2017 Board Meeting

Respectfully Submitted,

A handwritten signature in black ink, appearing to be 'Tommy Schwab', written over a horizontal line.

Tommy Schwab, Secretary