

East Larimer County Water District
Board of Directors
Regular Meeting

Tuesday – 5:30 P.M.

June 16, 2009

1. CALL TO ORDER

Loren Maxey, Chairman of the Board of Directors, called the meeting to order.

2. ROLL CALL

Directors Present: Loren Maxey, Vern Sunset, Scott Baker,
Randy Siddens, Ed Laudick

Directors Absent: None

Others Present: Mike Scheid, General Manager; Kathy Phipps, Administrative Manager and CFO; Darwin Williams, District Engineer; Vicki Mattox and Sara Brown, Stifel Nicolaus & Company, Inc.; Jim Harrington, Public Finance Associates; Dan Schommer, Watkins & Schommer, Inc.; Shawn Hoff, Water Resources Manager Soldier Canyon Filter Plant; John Donaldson and Robert Bissetti, Serratoga Falls Development

3. APPROVAL OF MINUTES FROM MEETING ON MAY 19, 2009

Scott Baker moved for approval of the May 19, 2009 regular meeting minutes as presented. Vern Sunset seconded and the motion passed unanimously.

4. DISCUSSION AND APPROVAL OF FINANCIAL AND INVESTMENT REPORT

Scott Baker moved for approval of the May 2009 Financial and Investment reports. Vern Sunset seconded the motion and it passed unanimously.

5. SOLDIER CANYON FILTER PLANT REPORT

Minutes- Minutes from the June 4th Steering Committee meeting were included in the Board packet.

SCFP Update- The plant is running well and has been processing approximately 20-25 mgd. The Steering Committee authorized Bill Roberts to purchase two Geotubes for approximately \$6,000. Geotubes are used for sludge dewatering.

6. PRESENTATION OF 2008 AUDIT

Dan Schommer of Watkins & Schommer, Inc. attended the meeting to present the 2008 Audit. Changes in the professional standards for audits were reviewed. Dan made the following recommendations involving internal controls and District operations:

- A. Implement formal policy for semi-annual management review of vendor listing.
- B. Checks written for "cash" should be written to "petty cash".
- C. Change District policy for capitalization of property and equipment purchases to \$5,000 per unit cost to coincide with maximum allowed by Colorado State Statutes.

The annual report was reviewed in detail. With the exception of capital contributions, operation of the District was relatively consistent when comparing 2007 with 2008. The minimal variance between the 2008 budget and actual revenues and expenditures indicates staff has a realistic picture of the costs of operating the District, as well as the ability to stay within the budget.

It was recommended that note 14 be changed from "spending approximately \$4.3 million over the next two years" to "spending approximately \$4.3 million over the next few years".

Scott Baker moved to retain Watkins & Schommer, Inc. for 2009 Audit. Randy Siddens seconded and the motion passed unanimously. The letter of engagement indicates the cost for 2009 Audit will not exceed \$5,800. There will be an additional one-time fee of \$1,000 to cover the additional time associated with the 2009 Bond issue.

Scott Baker made a motion to change the capital asset level from \$500 to \$5,000 as recommended by the auditor. Vern Sunset seconded. The motion passed unanimously.

7. REVENUE REFUNDING AND NEW IMPROVEMENT BONDS

Jim Harrington with Public Finance Associates and Vicki Mattox and Sara Brown from Stifel Nicolaus attended the meeting to summarize the sale of the District's 2009 Series A and 2009 Series B bonds.

The average combined yield for the two series was 3.86%. This was an excellent result, surpassing the projected results made in early April. The results can be attributed to good sales effort by the underwriter and good market timing.

The investment strategy for the proceeds of the Series A bonds was discussed. A new Managed Investment Account at First National Bank will be opened in order to track bond funds for arbitrage purposes. The estimated NEWT payment schedule will be provided to the investment managers to ensure timing of investments coincides with District needs.

8. SERRATOGA FALLS DEVELOPER REQUEST

John Donaldson and Robert Bissetti with Serratoga Falls Development attended the meeting to propose a change to existing District policy related to the administration of raw water for Serratoga Falls. After discussing several options, staff was directed to work toward implementing a system similar to what is used in Maple Hill. Prior to activation, the lot buyer must present ELCO with an

“official certificate” indicating they have purchased raw water from the developer. A draft agreement will be presented for Board consideration in the near future.

9. NEWT PIPELINE PROJECT

Included with the Board packet was the Notice of Award, Construction Contract, Scope of Work-Construction Support Services and Condemnation Petition. Darwin Williams reviewed the documents and project timeline with the Board.

Start of Construction is planned for September.

Staff will likely seek assistance from AECOM with tasks 2, 5, and 6 of the Scope of Work.

Petition for Condemnation has been filed with the District Court. The hearing date is expected in mid July.

10. WATER RIGHTS & STORAGE PROJECTS UPDATE

Shawn Hoff attended the meeting to provide an update on water storage projects and water rights acquisitions.

The 960, LLC-A Water Exchange Agreement between ELCO and The 960, LLC was included with this agenda item. The purpose of the agreement is to provide a supply of fully consumable water for augmenting depletions from well water use in a development near Red Feather Lakes. A second draft that includes several recommended changes will be provided to The 960, LLC for their consideration.

Water Resources Assistant-Alan Overton has expressed interest in providing temporary assistance to Shawn. The first project would be the reuse accounting of the Sand Creek water right. In addition to working full time at North Weld, Alan will work approximately ten hours per week as a temporary employee of Soldier Canyon Filter Plant.

Coy Ditch Water Right- Title work, engineering analysis and due diligence is currently being performed by attorneys for both parties. Study results should be available next month.

At 8:20 pm Randy Siddens made a motion to enter into executive session to discuss positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C.R.S. Section 24-6-402(4)(e). Vern Sunset seconded the motion and it passed unanimously.

At 8:55 pm the executive session was concluded. The participants in the executive session were: Loren Maxey, Vern Sunset, Ed Laudick, Scott Baker, Randy Siddens, Mike Scheid, Kathy Phipps, and Shawn Hoff. Any person who participated in the executive session who believes that any substantial discussion of any matters not included in the motion to go into executive session occurred during the executive session, or that any improper action occurred during the executive session in violation of the Open Meetings Law, was asked to state their concerns for the record. Hearing none, the meeting proceeded to the next agenda item.

11. MANAGER'S REPORT

Greeley Water and Sewer Board Meeting Minutes-May 22, 2009 meeting minutes of the Greeley Water and Sewer Board were discussed briefly.

Notice of Special Stockholders Meeting WSSC-Water Supply and Storage Company recently provided notice of an upcoming special meeting. The purpose of the meeting is to discuss, consider and adopt two resolutions. One resolution is to correct an error in the Articles of Incorporation which requires the Company's principal place of business be located in the City of Fort Collins. The office is actually located outside the city limits. The other resolution authorizes the Board of WSSC to borrow up to \$843,350 from the CWCB. The loan will fund replacement of the temporary pipes at the site of the 2003 Grand River Ditch breach and construction of new water related facilities at the intersection of the Kløver Outlet Channel and Travis road.

Special Tri - District Meeting- A special meeting of the Tri-District Boards will be scheduled for July 9th at noon. The purpose of the meeting is to discuss Halligan-Seamans Water Management Project.

12. OTHER BUSINESS

The Board discussed a request from Boxelder Sanitation that ELCO discontinue invoicing Boxelder for the meter readings that are provided each month. The "per reading" fee has been in place since 1992 and has been increased one time during the seventeen year period. Questions were raised regarding when the fee was last increased and if it is sufficient to cover related capital investment and O & M costs. Staff will contact Boxelder Sanitation and pass on these concerns.

13. ADJOURNMENT

As there was no other business to come before the Board, Scott Baker moved and Vern Sunset seconded a motion to adjourn the meeting at 9:20 p.m. The motion passed unanimously.

Secretary

Approved: _____
President