

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
ST. MARY'S GLACIER WATER AND SANITATION DISTRICT
HELD
January 22, 2018

A regular meeting of the Board of Directors of the ST. MARY'S GLACIER WATER AND SANITATION DISTRICT (referred to hereafter as "Board") was convened on Monday, the 22nd day of January 2018, at 6:00 P.M., at Alice School House, 271 Silver Creek Road, Idaho Springs, Colorado, 80452.

ATTENDANCE

Directors in Attendance Were:

Dawn Czajka, President
John Carlyon, Secretary
Bruce Hohne, Director
Ray Hodge, Assistant Secretary

Also in Attendance Were:

Gabrielle Begeman; ORC Water Professionals, Chris Oeland; St. Mary's Glacier Water and Sanitation District, Stan Myers, Molly Janzen, and Traci Miller; Pinnacle Consulting Group, Inc. Colin Miekle; Seter & Vander Wall, P.C.

Karl Altenbernd, Sara Carlyon, Tisha Higgins, Theresa and Michal Chatenyneuf; St. Mary's Glacier Community Members

Director Czajka called the meeting to order at 6:06 P.M.

Director Czajka confirmed that a quorum of the Board is present. It was acknowledged that Dennis Horton had resigned from the board earlier this afternoon, effective immediately. Mr. Mielke pointed out that this left the office of Treasurer vacant and that the position needed to be filled.

ADMINISTRATIVE MATTERS

Agenda: A proposed agenda for the regular meeting was distributed for the Board's review and approval. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Carlyon and, upon vote, unanimously carried, the agenda was approved, as presented.

Lot Combination Request (Delbert Property): The Board discussed a request from the owners of Lots 784 and 785, St. Mary's Subdivision Unit 5 to combine the two lots into a single lot, and specifically (1) that the Board waive any objection to the combination of those two lots, and (2) the Board vacate easements that exist between the two lots. The owners of the properties were not present at the meeting.

Mr. Oeland reviewed the request and determined that no existing District infrastructure is

located within the easements and that there are no plans for the District to place infrastructure within those easements in the future.

The Board discussed that one of the lots has a home connected to the District's systems, and the remaining lot is vacant and subject to the District's availability of service fees.

The Board discussed its policy that it does not object to the combination of two lots when there is a currently connected home on one of the lots.

After discussion, and upon motion, seconded and unanimously carried, the Board determined (1) it does not object to the combination of the two lots; and (2) the District agrees to vacate the easement interests it may have solely for the 5-foot side lot utility easements located between the two lots, subject to the combination of those lots being approved and completed by Clear Creek County. Furthermore, the District reserves any easement rights it may have on other areas of the lots, including but not limited to the entirety of the easements along street lot lines, rear lot lines, and other side lot lines for the lots

Minutes: The Board reviewed the minutes of the December 19, 2017 regular meeting of the Board of Directors. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote, unanimously carried, the Board approved the minutes of the December 19, 2017 regular meeting.

Community Comments: There were no comments made by the community members who were present.

Director Qualification Affidavits: All board members completed the Director Qualification Affidavits provided by Mr. Mielke. There is no further action required.

Disclosure Matters/Update General Conflict Forms: All board members completed the forms provided by Mr. Mielke, who will file the forms. There is no further action required.

Approval of Annual Administrative Resolution for 2018: The Board reviewed the Annual Administrative Resolution for 2018. Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Carylon and, upon vote, unanimously carried, the Board approved the Annual Administrative Resolution for 2018.

The board reconfirmed that regular Board Meetings will be scheduled for the fourth Monday of each month, at 6:00 pm. They will be held at Alice Schoolhouse, 271 Silver Creek Road, Idaho Springs, CO 80452.

Chris Oeland will post meeting notices at Alice Schoolhouse, the Community Board and the Metro District Building.

Ray Hodge was nominated as the Board Treasurer. Upon motion duly made by Director Czajka, seconded by Director Carylon and, upon vote, unanimously carried, the Board approved Ray Hodge as Board Treasurer.

Update Regarding Creation of District Logo: Following discussion by the Board, Director Czajka suggested that the Board adopt the same logo that was developed for the Property

Owner's Association and the Metropolitan District and add Water and Sanitation District to distinguish it from the other entity's logos. Upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote unanimously carried, the Board approved the district logo design.

FINANCIAL
MATTERS

Discussion Regarding Employee Bonus: Following review and discussion about an employee bonus, upon motion duly made by Director Czajka, seconded by Director Carlyon and, upon vote, unanimously carried, the Board ratified and approved an employee bonus for Chris Oeland.

Approval and Ratification of Claims: Ms. Janzen reviewed with the Board the claims for the period ending January 22, 2018 totaling \$59,673.64.

Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote unanimously carried, the Board ratified approval of the EFT payments and approved the claims for the period ending January 22, 2018 totaling \$59,673.64, as presented.

Discussion of Payables Process: Ms. Janzen reviewed with the Board the District's the process that Pinnacle Consulting Group, Inc. prefers to use for the payable's process, including bill.com. Ms. Janzen explained that the board would need to designate one member to serve as the online approver. They would be responsible for sharing the payable details with the rest of the board and approving the invoices.

Following discussion, the Board Treasurer was nominated as the District Payables Approver. Upon motion duly made by Director Carlyon, seconded by Director Hohne and, upon vote, unanimously carried, the Board approved Ray Hodge as the District Payables Approver.

The Board had several questions regarding fees and ease of access regarding bill.com. Ms. Jansen will provide more information concerning associated fees to the Board, who will decide if they want to utilize bill.com by the end January 2018.

Discussion Regarding Transfer Fee and Status Letter: Mr. Mielke clarified that in November 2016, the Board approved a Transfer Fee of \$300 and a Status Letter Fee of \$100. The amounts of the fees were transposed in the Fee Schedule and Board Meeting Minutes. They have since been corrected to reflect what the Board had previously approved.

Operations Matters

Management Report: Mr. Myers discussed with the Board what the primary focuses of the management team have been. Most time has been spent on transferring documents and files from the previous management company. Mr. Myers has also had several meetings with key people, including ORC Water and TZA Engineers. Follow up discussions are planned with the District's consultants in preparation for a larger and more pivotal meeting with CDPHE which will establish a design approach for system improvements and establish the requirements for repayment of the planned loans for system repairs.

Mr. Myers also brought up the need to establish more thorough and frequent communication between ORC Water (Gabby Begeman) and the District's Operations Foreman (Chris Oeland) to ensure that the ORC is kept abreast of all the activities occurring in the field. Ms. Begeman clarified to the board that she currently holds four ORC roles for the District (Water Distribution, Sewer Collection, Water Treatment Plant, Wastewater Treatment). There was discussion of when Mr. Oeland would be ready to assume the ORC role for the Water Distribution system. The Board and Ms. Begeman discussed that Mr. Oeland should receive additional training prior to assuming the Water Distribution operator role, and that, SOP's will be put into place so that Mr. Oeland can perform those functions under the direction of ORC Water.

Discussion regarding District Email Addresses: Mr. Myers discussed that the District currently has several different email addresses for various board officer positions, and that some emails have gone unanswered because those addresses are no longer in use. Mr. Myers recommended that the board no longer use those multiple email addresses, and instead follows Pinnacle Consulting Group, Inc best practice of using the district manager's email as the primary point of contact. The Board agreed with his recommendation.

LEGAL MATTERS

Update Regarding Litigation: Mr. Mielke stated that there is no update on the litigation with the owners of Lot 310 and that the parties are still awaiting a ruling from the District Court.

Update Regarding Ocheltree/Kinnaird Water and Sewer Service: Mr. Mielke updated the Board regarding the request from Mr. Ocheltree and Ms. Kinnaird for estimated costs to extend water and sewer main lines to their properties identified as Lots 74 and 75. Mr. Mielke reminded the Board that the District's rules and regulations provide two manners in which main lines can be extended: (1) the District can extend the lines at the property owners' costs, and (2) the property owner can extend the main lines under the District's supervision, and then dedicate the main lines to the District. Mr. Mielke stated that Mr. Ocheltree and Ms. Kinnaird expressed a preference for the first option.

The Board discussed the potential main line extensions, including the manner in which such an extension could be completed. The Board discussed the potential need to obtain bids from contractors qualified to perform such work if the District were to extend the main lines. Mr. Mielke asked whether Mr. Oeland could assist with the extension, and the Board discussed the practicalities of the District's sole employee participating in the work, including whether Mr. Oeland has the capacity given his regular job responsibilities in maintaining the existing systems and whether Mr. Oeland has the expertise to assist with the extension. Mr. Myers informed the Board that OSHA regulations will apply to such work as well.

Mr. Myers explained that the Board should consider adopting technical specifications regarding extensions and repairs to the District's systems, and suggested having TZA Engineers draft appropriate specifications. The Board agreed that TZA Engineers should draft specifications for the Board's consideration.

Mr. Mielke and Mr. Myers confirmed that they will discuss main line extensions further with TZA Engineers, ORC Water, and Mr. Oeland to determine an appropriate estimate if the District were to proceed under the first option, and to determine an appropriate manner in which to

proceed with future requests for extensions.

Amendment of District Documents: Mr. Mielke presented the Board with proposed modifications to the District's Rules and Regulations, including to the Appendix A Schedule of Cost and Charges to Connect to the District ("Fee Schedule"). He explained that the proposed changes conform to modifications that the Board formally approved at the January 2017 board meeting and which are currently in effect, and explained that those modifications still needed to be incorporated into an updated version of the District's Rules and Fee Schedule. Mr. Mielke reminded the Board that the changes were meant to clarify the District's system development fees, tap fees, and facilities improvement fees, and that the Board originally delayed updating the written Rules so the District could incorporate any additional language based on its pending court case.. Mr. Mielke explained that now is an appropriate time to incorporate the modifications in writing because it is the first meeting of the year and this is a cleanup item that will provide written clarity to existing and future property owners, despite not yet having an order from the court.

Following review and discussion of the need to amend the language in the District Fee Schedule and Rules and Regulations, upon motion duly made by Director Czajka, seconded by Director Hohne and, upon vote unanimously carried, the Board approved the modification of language in the Fee Schedule and the District's Rules and Regulations.

Mr. Mielke informed the Board that the CDPHE delivered to the District certain Design and Engineering Grant documents that need to be reviewed. The CDPHE strongly recommended that bond counsel review the documents. Mr. Mielke reminded the Board that it previously engaged Sherman & Howard to act as bond counsel for the grant and loan activities, and recommended that the documents be forwarded to bond counsel for review. The Board discussed the review and agreed that bond counsel should review the documents.

District Operations
Report and Water
Issues

OCR and Field Operations Reports: Ms. Begeman updated the Board on issues regarding cross connections. Currently, there are 3 commercial properties that are not in compliance with current cross-connections mandated by the State. These properties were sent letters in October and November of last year and have not complied with the requirements. The deadlines for compliance have now passed. Ms. Begeman recommended sending letters to each of these properties outlining the specific requirements and requiring compliance within the next two weeks. If these properties do not comply, it is possible to turn off their water supply. The Board agreed with this approach and ask Mr. Myers and Ms. Begeman to determine the best way to follow up with these three properties.

Ms. Begeman also reviewed the work that she has completed in the past month, including flow pacing the wells with chemicals, preventative maintenance at the waste water treatment plant. Ms. Begeman also updated the Board on the status of the water sampling that was performed by the District last summer. The results were inconclusive and will be retested this summer.

Mr. Oeland updated the Board regarding his operations of the District's systems. Mr. Oeland requested Board approval to purchase a Hawk DR

Ms. Begeman provided her perspective on extension of the District's main lines. Ms. Begeman stated that the Board should not direct Mr. Oeland to extend the District's main lines on his own, and confirmed that the industry standard would be for a crew to be used for the extension of main lines.

COMMUNITY
MATTERS

There were no community matters brought before the Board for consideration.

Executive Session

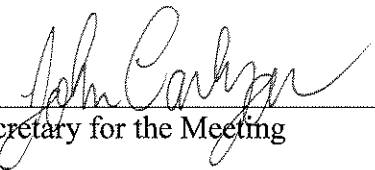
An Executive Session was not held.

OTHER BUSINESS

No other business was brought before the Board for consideration.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Director Czajka, seconded by Director Carlyon and, upon vote, unanimously carried, the meeting was adjourned at 8:48 P.M.

By: 
Secretary for the Meeting