RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF
THE BOARD OF DIRECTORS OF THE
ST. MARY'S GLACIER WATER AND SANITATION DISTRICT
HELD
May 21, 2018

A Special 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 21st day of May 2018, at 6:01 P.M., at Alice School House, 271 Silver Creek Road, Idaho Springs, Colorado, 80452.

ATTENDANCE

Directors in Attendance Were:
Dawn Czajka, President
Ray Hodge, Treasurer
Bruce Hohne, Secretary

Also, in Attendance Were:
Gabrielle Begeman; ORC Water Professionals
Stan Myers and Molly Janzen; Pinnacle Consulting Group, Inc.
Colin Mielke; Seter & Vander Wall, P.C.
Tom Dea; TZA Water Engineers (arrived at 7:30 PM)

Alicia Walsh, Michael Carlson, Tom Meyer, and Glen Clark; St. Mary's Glacier Community Members

Director Czajka called the meeting to order at 6:01 P.M.

Director Czajka confirmed that a quorum of the Board was present. There are two vacancies on the Board.

DISCLOSURE MATTERS

The Board had been previously advised that pursuant to Colorado law, certain disclosures by the Board members might be required prior to taking official action at the meeting. The Board then reviewed the agenda for the meeting, following which each Board member affirmed their conflicts of interest, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. The Board determined that the participation of the members present was necessary to obtain a quorum or otherwise enable the Board to act.

ADMINISTRATIVE MATTERS

Agenda: A proposed agenda for the special meeting was distributed for the Board's review and approval. The agenda was amended to remove item I-F, as the Oaths of Office had previously been administered. Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Czajka and, upon vote, unanimously carried, the agenda was approved as amended.

Community Comments: At approximately 6:30 p.m. the meeting was opened for public comment. Alicia Walsh asked about the status of the water pressure issues along Silver Creek Road. Gabby Begeman (District ORC) responded that these pressure issues are caused by faulty pressure reducing valves ("PRVs"). This issue will continue until these valves are replaced. The District has some valves and valve parts, but replacement of the valve vaults is necessary prior to replacing to PRVs to prevent continued flooding of the vaults. The Board discussed the priority of repairs needed and how to finance these repairs. Tom Meyer asked about the caution cones that have been placed in the roadways in various locations. Ms. Begeman explained that these cones are needed for marking the locations of several valves which are hard to assess unless the cones remain in place. She stated the cones will likely remain through the spring of this year. There being no further public comments, the comment portion of the meeting was closed at approximately 7:05 p.m.

Minutes: The Board reviewed the minutes of the April 23, 2018 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 April 23, 2018 regular meeting of the Board of Directors.

Appoint Secretary: Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hodge and, upon vote unanimously carried with Director Hohne abstaining, the Board appointed Director Hohne as secretary of the Board.

FINANCIAL MATTERS

Review and Consideration of April Payables: Ms. Janzen reviewed with the Board the claims for the period ending May 16, 2018 totaling $75,890.58. Ms. Janzen noted that if approved, payments will be made as funds are available. Ms. Janzen stated that the total of the claims this month are considerably higher than average due to additional costs incurred to address the recent system outage and boil order.

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 the claims for the period ending May 16, 2018 totaling $75,890.58.

Following review and discussion, upon motion duly made by Director Czajka, seconded by Director Hohne and, upon vote unanimously carried, the Board appointed Director Hodge to assist Pinnacle Consulting Group Inc.'s management and accounting team in prioritizing the invoices to be paid.

Review and Consideration of Financial Statements: Ms. Janzen reviewed with the Board the financial statements for the periods ending December 31, 2017 and March 31, 2018.

Public Hearing Regarding the Proposed Amended 2018 Budget: Director Czajka opened the public hearing for the proposed amended budget. Mr. Myers reported that notice of the budget hearing had been published on May 9, 2018, in accordance with state budget law. Ms. Janzen reviewed the proposed amended budget and answered questions. It was pointed out that financial statements reviewed show balances only through March and the amended budget does not consider the sizable payables just approved. It is likely that further amendments to

the budget will be required. Mr. Myers pointed out that the Pinnacle Addendum presented at the previous board meeting has been withdrawn for the time being with the realization that the District is not in a position to consider these additional expenses. He pointed out that 30% to 40% of costs included in the Addendum are costs already incurred by Pinnacle and that these costs are being absorbed by Pinnacle Consulting Group. There was discussion of the urgent need to contact vendors to request relief from the requested invoice balances and more time to pay. The Board also needs to provide further input on how some management items covered by the Pinnacle Addendum are now to be addressed. The 2018 budget is to be amended as follows:

Enterprise Fund: $646,730
Debt Service Fund: $26,512
Capital Projects Fund: $3,426,000

There being no public input, the public portion of the budget hearing was closed.

Consideration of Adoption of Amended 2018 Budget; Consideration of Approval of Resolution to Amend 2018 Budget: After further review and discussion, and upon motion duly made by Director Hodge, seconded by Director Hohne, and upon vote unanimously carried, the Board approved the Resolution.

OPERATIONAL MATTERS

OCR and Field Operations Reports: Ms. Begeman updated the Board on immediate issues with the water system. She outlined that in addition to the PRV and vault replacement noted during public comment period that the most critical issue facing the District is the replacement of ±550 feet of water main in Silver Creek Road near Well #2. This section is critical because it is the sole pipe link between the upper system serving Winterland and the lower section of the system serving the Alice area. This section of pipe is currently the only means of suppling water between these two systems. The repair and replacement of main in this area is complicated by a 48-inch RCP culvert installed by the County a few years ago. This makes trenching this section very deep (±30 feet) which inflates the construction costs. Ms. Begeman has secured an initial quote from Global Underground Corp of $140,000 for these repairs. She underlined the need for these improvements to be made this summer during the short construction season or more far reaching problems would result. She stated in her opinion this construction must begin no later than September.

There followed a lengthy discussion about the urgency of these repairs and the means of financing them. Tom Dea of TZA Engineering also had some input based on a list of needed improvements outlined early in the day in a meeting with Ms. Begeman, Chad Weaver and Stephan Wilson. Mr. Myers stated that the major problem facing the District is that contracting for work should not occur until funds are in place. There is likely to be a two-month delay in receiving the approval letter on the water system Design and Engineering Grant and being able to assess the $3M SRF monies. It was agreed that the logical next steps were to have ORC Water and TZA develop a listing of priorities and cost estimates for presentation to the Board as well as the Colorado Department of Public Health and Environment (CDPHE).

Operations Report: In the absence of Chris Oeland, Ms. Begeman reviewed Mr. Oeland's report and answered questions.

DISTRICT MANAGER ITEMS

Review of Managers Report: Mr. Myers reported that all items in his verbal manager's report have already been discussed.

Lot Combination Request – Lots 373 and 374, St. Mary's Subdivision Unit 3: The Board discussed a request from the St. Mary's Glacier Metropolitan District (SMGMD) of Lots 373 and 374, St. Mary's Subdivision Unit 3 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. It was noted that both lots are currently vacant.

Prior to the board meeting, Chris Oeland evaluated this situation in the field and reported that he sees no issue with allowing SMGMD to combine these lots. Tom Meyer commented that the request is to install a parking area.

Following review and discussion, upon motion duly made by Director Hodge, seconded by Director Hohne and, upon vote unanimously carried, the Board determined that (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.

LEGAL MATTERS

Discussion Regarding Service and Dwelling Designation at 8575 Fall River Road: Mr. Mielke and Mr. Myers brought up this issue based on input from the St. Mary's Property Owners Association. There was a concern raised that this dwelling could be interpreted to be a duplex and that separate taps, service lines and meters would be required for each dwelling unit. Mr. Carlson, the property owner, stated that the unit does not have an interior staircase because the top floor is very small, and that the home has an outside staircase instead. Mr. Carlson stated the home has never functioned as separate rental units and that all utilities are connected together on the same lines. The Board discussed the other pressing issues the District is facing at this time. Following review and discussion, upon motion duly made by Director Hohne, seconded by Director Hodge and, upon vote unanimously carried, the Board resolved to not take action on this issue at this time based on the description provided by Mr. Carlson.

EXECUTIVE SESSION

Executive Session:
At approximately 7:50 p.m., Director Czajka moved that pursuant to section 24-6-402(4)(b) and (e), C.R.S. and upon an affirmative vote of at least two-thirds of the Board members present for the motion, the Board enter executive session for the sole purpose of receiving legal advice and discussing negotiating positions related to coordination of District services with other governmental agencies. Upon second and unanimous vote, the Board approved the motion to enter into executive session for the above-stated purpose.

The Board reconvened from executive session at approximately 8:40 p.m. and affirmed that no actions had been taken during executive session.

ADJOURNMENT There being no further business to come before the Board, the meeting was adjourned at 8:43 P.M.

By: _____
Secretary for the Meeting