

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
SOUTH METRO WATER SUPPLY AUTHORITY**

HELD: Monday, August 18, 2014 at 1:00 p.m. at the South Metro Water Supply Authority, 2nd Floor Conference Room, 8400 East Prentice Avenue, Greenwood Village, Colorado 80111.

ATTENDANCE:

The regular meeting of the Board of Directors of South Metro Water Supply Authority ("Authority"), Douglas and Arapahoe Counties, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Dave Kaunisto, East Cherry Creek Valley
Ron Redd, Parker Water & Sanitation District
Mark Marlowe, Town of Castle Rock
Mitch Chambers, Stonegate Village Metro District
John Kaufman, Centennial Water & Sanitation

Also present were: Eric Hecox, SMWSA, Executive Director
Rick Marsicek, SMWSA, Director of Engineering
Logan Burba, SMWSA, Water Resources
Mikal Martinez, SMWSA, Assistant
Pat Ratliff, Ratliff & Associates
Russ Dykstra, Spencer Fane Britt & Browne LLP
Jim Nikkel, Castle Pines North Metro District
Jack Ostrowski, Castle Pines Metro District
Mark Harding, Rangeview Metro District
Mary Kay Provaznik, Dominion
Doug Scott, Meridian Metro District
John Hendrick, interested individual
Jerry Pena, GEI Consultants
Catherine Kornbrust, BT Construction

CALL TO ORDER:

Director Kaunisto noted that a quorum was present for the purpose of conducting a meeting of the Board of Directors and called the meeting of the South Metro Water Supply Authority to order at 1:03 p.m.

APPROVE/REVISE AGENDA:

The Board reviewed the Agenda. Upon motion duly made, seconded, and unanimously carried, the Board approved the Agenda.

PUBLIC COMMENT:

None.

MINUTES:

Minutes from the June 16, 2014 Board Meeting were reviewed. Upon motion duly made, seconded, and unanimously carried, the Minutes were approved.

CLAIMS:

The Board reviewed the claims presented for payments represented by check numbers 3948 for the interim August lease and additional deposit payment and by check numbers 3950 through 3965 for all other monthly payables. The July 31, 2014 Financial Statement was also presented to the Board. Following a brief discussion and upon a motion duly made, seconded, and unanimously carried, the Board approved the interim and present claims in the total amount of \$59,080.27 and the Financial Statement for the period ending July 31, 2014.

COMMITTEE REPORTS:

Legislative Report – Pat Ratliff provided an update on the Colorado Water Congress (CWC) State Affairs and Federal Affairs Committees and facilitated an updated discussion of proposed Clean Water Act rule changes, which could redefine waters of the U.S. As a reminder, Van Ness Feldman has been hired by NWRA and there are nine or ten members in so far, one of them being the Colorado Water Congress. October is the rough estimate deadline for joining the group under CWC. Relating to state matters, Pat explained that Jim Lochhead announced an agreement regarding incentivized reductions of demand on the Colorado River. Because Lake Powell pool power has gotten to a dangerously low point due to widespread drought conditions in the western U.S., the Colorado River Coop and Denver Water are working to pilot and fund a collaborative project to avoid allowing the federal government to take over the Colorado River.

Attorney’s Report – Russ Dykstra directed the Board to their packet as he summarized the terms and purpose of the draft Resolution Regarding Designation of Representatives for SMWSA Members. Mitch Chambers requested a Word version of the document. Dave Kaunisto asked if there is a deadline. Russ responded by saying that they can be completed at the Board’s convenience.

EXECUTIVE DIRECTOR REPORT:

WISE Partnership: Rick Marsicek explained that the WISE Authority continues to work on completing the Water Delivery Agreement Contingencies. Rick stated WISE is moving forward on procuring a builder and has two short listed teams.

Chatfield Reallocation Project: Eric Hecox reminded the Board that the Federal Record of Decision (ROD) has been issued and the attention has now shifted to several agreements that must be executed before the project can move into implementation. The agreements currently under draft are the Water Storage Agreement (WSA) between the Corps and the State, a Reallocated Storage Users

Agreement between the State and the entities obtaining storage in the reallocated space, an Articles of Incorporation and the Bylaws for the Chatfield Mitigation Company. The goal is to have the WSA approved and in place by September 30, 2014 with the other agreements moving along the same time frame.

Eric informed the Board the Mt. Carbon Metropolitan District has agreed to purchase shares made available by the Pinery, Stonegate, Roxborough, Cottonwood, and ACWWA, and he directed the Board to Mt. Carbon's response letter within the packet. The attorneys are working on formal documents to convey those interests. Eric expressed that this pickup by Mt. Carbon is great news for the Chatfield Reallocation Project as a whole. Eric reminded the group that there are now four entities under SMWSA and, at a Chatfield project meeting held on August 8th, those entities have decided that they will be consolidating their shares outside of the SMWSA umbrella. The group will meet in the near future to make decisions regarding what role SMWSA should have in the project moving forward, to work on amending the Chatfield Participation Agreement, and to take those changes into consideration when preparing the 2015 budget.

Dave Kaunisto asked who would be a part of the proposed Chatfield Mitigation Company formation and what would that look like. Eric explained that it would be a non-profit corporation which will be comprised of the participants of the project.

Aquifer Storage and Recovery Pilot Study: Rick Marsicek explained that he and Eric have been working with the CWCB on the extension of the ASR grant. Rick stated that Logan will be reaching out to several members to request their permission to share groundwater data related to the ASR project.

Colorado/Wyoming Coalition: Eric Hecox explained that the Flaming Gorge Reservoir Feasibility Study is up and running again. Eric directed the Board to a Summary of Costs by Task Table provided in the packet and explained current activities of participants in the project, such as an August 12th meeting with John Carron, who is running the model and Lytle Water Solutions, who will summarize and interpret the model scenario run results. We will receive monthly status reports from the Coalition and those updates will be forwarded to SMWSA members. Ron Redd asked when the next cash call would be expected and Eric responded by saying that it would not be likely for 2015.

Metro Roundtable / IBCC / State Water Plan: Eric Hecox updated the members on the State Water Plan activities to date. On July 31, 2014, the Metro/South Platte Roundtables completed a Draft South Platte Basin Implementation Plan. Eric informed the group that they can read a 24 page Executive Summary or the full report and provided links within the Board memo. The Roundtables are now developing Phase 2 of HDR's work to support the Roundtables in finalizing the Draft BIP and ensuring that our Roundtable's information is captured in Colorado's Water Plan. SMWSA will continue to act as fiscal agent of the project during Phase 2. Eric reminded the Board that September is a big month for the Colorado Water Plan with chapters coming available that deal with meeting consumptive and non-consumptive gaps, municipal, industrial, and agricultural infrastructure projects and methods,

environmental and recreational projects and methods, cross-basin conceptual agreements, alignment of state resources and policies, and with outreach and public engagement. Staff will review as much of the sections as possible using the Board approved document as guidance.

SMWSA Master Plan Update: Rick Marsicek thanked everyone who attended a Master Plan workshop on August 7th. Rick stated that there will be an update in the coming month or so after CH2M is able to analyze the demand data and feedback provided by members.

Conservation and Education – Regional Messaging: Mikal Martinez summarized recent efforts with the email blasts and an informational meeting with Lauren Florman of ECCV to talk about mailchimp.com, a third party email server. Mikal provided data relating to the success of two members and the blasts, and she provided a general breakdown of some of the concerns and risks that may come with sending out large recipient emails as well as some benefits to using a third party sender. She also provided general pricing tiers for using mailchimp.com. Mark Marlowe expressed that Castle Rock may not be comfortable providing the Town's email lists to SMWSA.

Regarding the Water Ambassador program, Eric updated the Board on a finalized content document, which has been updated to include information on water supply and the importance of water supply projects in the region. Eric stated that the updated content may be useful even beyond the context of the Water Ambassadors. The document was circulated to members on August 6th. Eric also briefly described a training session which is scheduled to occur on August 28th at the Highlands Ranch library. Eric also reminded the Board that Mark Shively's monthly report is included in their packet.

Eric thanked Heather Beasley and Dave Kaunisto for agreeing to be on the regional messaging program selection committee and to help with choosing a consultant to design and implement SMWSA's regional messaging. The selection committee is in the process of interviewing the short-listed teams and hopes to make a selection by late this week or early next.

AUTHORITY BUSINESS:

Staffing Update: Eric Hecox introduced Logan Burba, the SMWSA's newest staff member and Water Resource professional. Logan greeted the board and members and provided some background about her past experience and interests.

2015 Budget Preparation: Eric Hecox provided the plan for the budget preparation workshop by explaining that SMWSA begins its budgeting process at the September meeting. We will also tentatively schedule a budget workshop with Board members and staff for October 6th. Eric directed the group to review the list of budgeting dates and deadlines contained in the Board memo.

10-Year Celebration: Mikal Martinez described the collaborative effort with Logan Burba in writing a "10 Year Document," which highlights original goals and many of the achievements of SMWSA and its members since formation in 2004. She welcomed everyone to join staff at a happy hour celebration, which will directly follow the board meeting. Eric thanked Mikal and Logan for their work putting everything together.

UPCOMING EVENTS:

- Vacations wrapped up
- 8/20-8/22 – CWC Summer Conference, SMWSA staff will attend portions of the conference
- 9/1 – Labor Day
- 9/10-9/12 – SDA Conference, SMWSA staff will not attend but various members will be in attendance
- 9/15-9/17 – Chatfield DC Trip, SMWSA will not attend but staff from several participants will be there

OTHER BUSINESS:

John Hendrick addressed the Board and gave sincere thanks to everyone, saying it has been a joy to work with the Board and other members of SMWSA.

EXECUTIVE SESSION:

Upon a motion duly made, seconded and unanimously carried, the Board entered into an executive session at 2:27 p.m., pursuant to CRS 24-6-402(4)(e) to develop negotiating strategies related to the following:

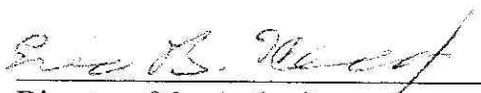
- a. Response to potential projects

At 2:48 p.m., the Board adjourned the executive session and confirmed that no action was taken in executive session and that no matters were discussed beyond the scope for which it was called.

ADJOURNMENT:

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously carried, the meeting was adjourned at 2:49 p.m. The next regularly scheduled board meeting will be held on September 15, 2014 at 1:00pm at 8400 East Prentice Avenue, Greenwood Village, CO 80111.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the South Metro Water Supply Authority.


Director of the Authority