



**RECORD OF PROCEEDING
REGULAR MEETING AND PUBLIC HEARING(s)
BOARD OF DIRECTORS MEETING**

DATE HELD

Tuesday, March 23, 2021 at 5:00 p.m.

LOCATION

Genesee Administration Building
2310 Bitterroot Lane, Golden, CO 80401

and

Video Conferencing Via Zoom, Meeting ID 447 424 1943

Special Note: Due to the ongoing COVID-19 issue, and to protect the health, safety and welfare of all meeting participants, it was determined to support the scheduled Board of Directors meeting via Video Teleconferencing platform ZOOM, with said notice and information duly posted at all of the District's listed posting locations.

ATTENDANCE

A Regular Meeting of the Board of Directors of the Genesee Water & Sanitation District of Jefferson County, Colorado, was held as shown above, and in accordance with the applicable statutes of the State of Colorado.

The following Directors were Present and Acting:

Chairman David Pezzutti – In Person
Director Branch Russell – Via Zoom
Director Cynthia Dean Corbett – Absent
Director Frank DeFilippo – In Person
Director Roger Howell – In Person

Also Present:

District Manager Scott Jones – In Person
District Superintendent Chris Brownell – In Person
Director of Administration and Resident Erin Carriere – In Person
Administrative Assistant Carole Marie – Via Zoom
Chief Water Operator Bob Calley – In Person

Also Present:

Gary Anderson - Former Board Chairman, Genesee Foundation Board Liaison and Resident - (In Person)
Jason Puffet of Genesee Fire Department (Via Zoom)
Residents, Becky Smith (Via Zoom), and Marty Carriere (Via Zoom).

CALL TO ORDER

Chairman Pezzutti called the meeting to order and noted that all board members were present except Director Corbett due to medical reasons. Director DeFilippo moved to excuse Director Cynthia Corbett's absence from the meeting. Chairman Pezzutti seconded the motion. The Board voted, and there were 4 ayes, and the motion carried. There were no changes to Agenda.

ENTERPRISE BUSINESS

Manager's Report

A. Water Withdrawn & Water Returned to Bear Creek & Stream Flows

For February 2021:

- The District took out **7,664,000** gallons of water from Bear Creek.
- **6,825,000** gallons were returned through treated sewage effluent.
- **2,707,000** gallons were returned through the Dakota Wells primarily for purposes of wintertime replacements.
- Excluding water pumped from the Dakota Wells, the District **Returned 89%** of water taken out for customers, and has **Returned 80%** year-to-date as well.

Manager Jones. We did get some snow since the last meeting. In looking at the stream flow graph as of yesterday (March 22, 2021), it went up to 20CFS. The ground is taking in most of the snowmelt, and there is still snow that has not melted, which hasn't resulted in a big change. The amount of snow received at Mount Evans is unknown at this time. The ground is absorbing much of the moisture, and it is difficult to know how much will actually make it to the stream at this time.

As a matter of information, The District has received some correspondence from the State Health Department that relates to direct potable reuse water. In other words, treated waste water effluent as the sole source for entities is becoming a reality. Information is included in the Board Packet at this time as an FYI. The State Health Department is getting more serious at looking at that, and this is probably driven by the fact water is becoming more and more of an issue due to the additional growth within the state. Chairman Pezzutti mentioned that the anticipated growth in Colorado is expected to double.

Q: F. DeFilippo. Are we covered and should we be represented in those meetings, i.e., stakeholder meetings?

A: S. Jones. We are covered and do that by staying informed about the various rules. In the future, the issue of water rights verses water quality may have more of an impact on this issue.

A: D. Pezzutti. Just as a comment this was introduced into the material because it suggests what we might have to do technically in the long term, and the reuse as part of the solution is currently on the drawing boards but not in effect.

District Superintendent's Report

A. Turbidity & Disinfection Report

Superintendent Brownell noted that the typical report and graphs are in the packet. There are no concerns or exceptions at this time. There were no additional questions for Superintendent Brownell.

Administration Report

A. Cash Disbursements, Cash Investments, Aging Report

The Check Register is included in the report for February 28, 2021, and was also emailed out to the Board.

Manager Jones reported there was a large disbursement for RN Civil Construction related to the UV project. As far as the status of construction, we are just waiting on a transformer and the electrician to install it, otherwise everything is essentially the same as was discussed at the last Board Meeting. HDR and the subcontracted electrical engineer are paying for the excess cost for their time. The transformer itself, which is the bulk of the cost would be required anyway, and Genesee Water & Sanitation District is paying for that. Regarding timing, we hope to receive the transformer this week, and full startup of the facility is expected around the first week of April.

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Administration Report - Continued

Director or Administration, Erin Carriere. Cash and Investments Update for the end of February is as follows:

- Operating Checking Account was **\$66,000**.
- The Payroll Account had **\$27,500**. The operating account is low due to the fact that we have a lot coming out the first couple months of year and prior to starting to receive our property taxes. When accounts were reviewed yesterday (February 22, 2021), the funds were up and close to \$300K.
- Director DeFilippo noted that property taxes are in line with last year's taxes about 2K, and shouldn't create a big deficit.
- Manager Jones also added the main reason February was low is that Genesee made a 240K payment to the Colorado Water Resources and Power Development Authority on January 31, 2021, for the first of two annual general obligation debt loan repayments for the water plant.
- We are on track, and there are no concerns at this time. It is important though for Genesee Water to keep enough cash on hand and available this time of year due to the structuring of loan obligations.

DISTRICT BUSINESS

Wastewater Treatment Plant

A. Ultraviolet Light Disinfection Project – Update

Manager Jones As noted earlier, everything has been completed with the exception of the electrical. Manager Jones referenced the latest Schedule of Values, which is tied to the payment we just processed. The project is 87% complete. The change orders status, which is going to involve the second transformer and a few other things, is not in this document package and will be around an additional \$16K. Instead of \$44K, Genesee will probably owe right at \$60K for final payment. Meeting the fire code requirements of Jefferson County Building Department added approximately \$6K.

Q: D. Pezzutti. What type of change orders were there; was that the sprinkler system or a fire-retardant layer?

A: S. Jones. It was all exterior items. It includes the roofing material and Hardy board siding material, which also minimizes issues with wood peckers.

A: F. DeFilippo Agreed Hardy Board is a good investment.

There were no other questions, and the project should be up and going by the April Board Meeting.

Proposed Reservoir No.1 Enlargement Project

A. Updates

Manager Jones sent out an email that explains proposed project updates prior to the Board Meeting.

- **The most notable update being Genesee will receive up to a \$1.384M grant provided the District moves forward with the project.**
- If the project were to come in less than our original estimate then grant funds are reduced accordingly.
- Some grant funds may be used toward design engineering and permitting with the majority of funds allocated toward construction, but never the less, huge for this District.

Tonight's Board needs to make a decision if they want to go forward with the project or not. The simplest way to do that is to authorize Manager Jones to begin getting all of the loan documents put in place, and to engage Bond Counsel.

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Proposed Reservoir No.1 Enlargement Project - Continued

Following are a few items for the Board to Consider:

- **Because of timing on this, we only have a couple more months to put everything together** if we do move forward. This is based on the original Colorado Water Conservation Board's schedule because they are only able to hold this open for a limited period of time until requiring resubmittal for their next fiscal year.
- **Last month Manager Jones talked with Bond Counsel -- Butler Snow, Kim Crawford.**
 - Manager Jones feels a lot more comfortable with them than others that have been used in the past.
 - Butler Snow is more conservative in terms of really clarifying and verifying that the district does have enterprise status. This is what Manager Jones is looking for because he doesn't want to go into anything and have surprises come up later.
 - Ms. Crawford has served as Bond Counsel for several other previous District financing activities.
 - Manager Jones spoke with Carolyn Steffl; and she is comfortable with this recommendation as well.
 - Butler Snow/Kim Crawford is Manager Jones' recommendation for Bond Counsel.
- **Manager Jones is primarily looking for approval tonight to move forward and engage bond counsel,** and then we will have to create an authorizing resolution or ordinance that the Board would be essentially voting on and if approved, executing at the April Board Meeting.
 - Depending on what the board decides tonight, we may want to do something prior and then ratify it at the next Board Meeting because timing is very short, and this is the main concern.
 - Manager Jones does not know fully what his schedule will look like in April because he will be on call for Federal Jury Service for the entire month.

Q: R. Howell. What percent did we get of what we asked for?

- A. S. Jones.** The maximum amount the state divvies up in grant funds in any one year is \$1.5M among everyone that has applied for it. Early on there were 3 other parties applying for grant funds besides us, and at one point we believed we would be lucky to get \$500K. Also, at one point we thought we might not get anything due to Corona Virus issues affecting the state. \$1.38M is substantially more than what we really thought we would get. A couple other applicants dropped out, leaving one other in Silverton that had a lesser need.
- A. Chairman Pezzutti.** The grant money is 90% of the funds based on the maximum amount available. It is about 35% of what the total project costs are, and that is basically ours to spend provided we complete the project and is based on the total cost of the project. Vail was one of the ones that wanted to go for maximum funding they could get also, so we are not the only one doing this planning. This worked out very well. In other words, if it comes in 100% of the estimate of the original proposal, then we will receive that.

Motion. Director Russell moved to authorize Manager Jones and Genesee Water & Sanitation District to move forward and do what is required for the No. 1 Reservoir enlargement project.

Second. Chairman Pezzutti seconded the motion.

Votes. 3 Ayes, 1 Opposed (F. DeFilippo), 1 Absent (C Corbett).

Result. The motion passed and Manager Jones is authorized to move forward preparing documents and to engage Bond Counsel.

- Q. G. Anderson.** The loan interest rate that we got last year, is that still the same or has that been altered because of the changes in T bills?
- A. S.Jones.** My understanding is that remains the same at 2.5% interest. I haven't done the calculation to determine what the net interest rate is based on the grant funds, but we are down in the 1% range now.
- A. G. Anderson.** As the representative of your largest customer, The Genesee Foundation, we are delighted. G. Anderson has put out a note to the foundation a couple of days ago about the good news and will be announcing it at the Foundation Board Meeting next week.
- Q. R. Howell.** How big a customer is the Foundation?
- A. G. Anderson.** The Foundation is about 64-65% of the District with 885 customers out of total amount of customers or taps of 1,435.

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DISTRICT ADMINISTRATIVE OFFICES AND SHOP BUILDING

A. Current Mortgage Agreement & Terms – Wells Fargo Bank

Director DeFilippo was in contact with US Bank, and they were not interested in working with us. Director DeFilippo talked with Rick Gonzales, and it went up the chain of command. US Bank Leadership was concerned that our cash flow was not up to their standards, and the reason they turned GWSD down.

Ideas & Discussion

- Chairman Pezzutti. The rate increase that we put into place this year was to help alleviate the cash flow issue. Manager Jones, yes that is correct and to help with other expenses as well.
- Director DeFilippo going forward he sees a couple of paths. 1) He talked with Carolyn Steffl who knows someone that is a lender/broker that charges about \$20K to do this, or 2) He will talk to Wells Fargo and see if they would extend the current loan to 10 years. With minimum fees or add-ons it could bring it close to what we were projecting that a board in 10 years is going to have to face with the balloon payment. Maybe, we could add extra monthly payments, or something like that or a combination.
- The current balloon payment scheduled at the end of 7 years is approximately \$390K. Chairman Pezzutti inquired about how many taps this translates into and that we would have to sell if we had some new construction? Director DeFilippo 5-6 taps. Chairman Pezzutti we have 7 years for that to occur. Director DeFilippo, yes, but in 15 years we only sold 3. Chairman Pezzutti, yes, but at the same time they are expecting a growth of 50% in Colorado.
- Manager Jones doesn't see any harm in asking Wells Fargo, and he did ask Wells Fargo about it last year. John Self is the individual who originally set this up with the building authority, and a message was left with him late last year to get back to me but he never did. Manager Jones was at the time talking with a customer service representative that Genesee Water had for a few years that has since moved up the ladder. We have a new customer service representative, and we can ask him, or we could go to John Self directly to see if there is any potential here. It was agreed that Director DeFilippo will follow up with Wells Fargo once he has contact information from Manager Jones. He will keep everyone in the loop on how the conversation goes and/or what he finds out.
- Manager Jones summarized the idea to get with Wells Fargo and find out if they can do anything for us at this time, and if not, then we should consider the building up the reserves i.e., rates and fees and/or tap fees. Tap fees are a gamble though.

NEW BUSINESS

A. Old Water Treatment Facility

- Manager Jones provided a draft lease agreement for the Board's review, and noted that it is a "draft." Good comments were received back from Director DeFilippo, and Manager Jones considers this a work in progress.
- Manager Jones and Jason Puffet, from Genesee Fire Department have worked on this to get the main points worked out that each entity really wants. All parties are in agreement that it makes good sense to do it, but we just need to come to agreement on the wording of the lease document. Manager Jones initially thought an inter-governmental agreement would suffice for something like this. It was on the advice of Collins and Cockrell legal counsel to go with a lease agreement, and this is the draft we are at now. Manager Jones wanted to get this to the Board for comments so we can move forward.
- Chairman Pezzutti next steps follow on are to get a subgroup together from the Fire Department and GWSD to go through the detailed items such as annual cost, insurance, risks associated with the fencing, and whatever the specific agreement is going forward. Also, the agreement had a term of 50 years, which is a fairly long period of time to undertake that commitment. These are the kinds of things that need to be discussed and worked out.

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A. Old Water Treatment Facility - Continued

- Director Russell doesn't have much to add to the document as presented, and he doesn't think it would take much time at all to work out the particulars. Director DeFilippo has some good suggestions about clarifying indemnity, and some of the other items I think Jason could clarify quickly for the Fire Department. Director Russell will be going through the agreement this evening (February 23, 2021).
- Jason Puffet, from Genesee Fire Department. Jason wanted to say thank you. He really appreciates the support from the Water District and the Foundation and for the Board's willingness to consider this for us. Having a building that would allow us to train and work would really be of great value to us. This would be a great initiative, and we thank you for the partnership.

To provide a little background on where we are, this agreement was built on an agreement that Estes Park did with their local municipality for a very similar concept, which was also facilitated by Collins and Cockrell. Our attorney, Katherine Glen, one of the partners used that agreement as a foundation for Genesee Fire Department and built this current draft using similar language. From there we really spent some time trying to understand the intent of this agreement to provide us both with that protection. What I hope you will find in this agreement is that she did a nice job with it, and provided protection for all parties. With that being said, I am certainly committed to working with and partnering with you guys to make sure it is an agreement that is acceptable to all parties.

- Chairman Pezzutti thanked Jason for his input, and also noted that the board is looking forward to the partnership.

MINUTES APPROVAL – February 23, 2020

Chairman Pezzutti. The February minutes were sent out for review. The Board noted a few specific edits, and minor corrections. Individuals with edits returned those during the meeting in writing for correction and updating. Director DeFilippo moved to adopt the minutes with the noted corrections, and he noted the minutes were clear and concise. Others made positive comments on the minutes as well.

Motion. Director DeFilippo moved to adopt the minutes with the suggested changes/corrections.

Second. Chairman Pezzutti seconded the motion.

Votes. 4 Ayes, 1 Absent.

Result. The motion passed and minutes for the February 23, 2021 Board Meeting were approved with noted edits.

LEGAL REPORT

A. Water Rights Matters

Manager Jones mentioned that Carolyn Steffl is not in town and will not be joining the call.

The only legal update at this time is that it was recommended by water rights legal counsel about 3 weeks ago to withdraw from the Mountain Mutual Reservoir Company case involving Medved. They withdrew their water rights application.

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ADDITIONAL ITEMS

A. Succession Planning Discussion

Director DeFilippo. During the December Meeting we discussed a succession plan for Manager Jones, and he was wondering if anything has happened with that.

Manager Jones. This is and will be a work in progress. He had a staff meeting last Friday (March 19, 2021), and has asked for input from all staff members. He asked staff to brainstorm and provide feedback in writing, which may benefit him and will help the Board going forward. Anyone interested in providing feedback will provide that back prior to the next Board Meeting.

Director DeFilippo. Is very pleased with the staff and thinks we have tremendous staff, and he would like to see them grow as much as possible.

Manager Jones told staff he has always been a proponent of promoting and growing from within. As Superintendent Brownell and Bob Calley both present here today can tell you it is not a simple job. It takes two years just to learn the basics, and that is just from an operation standpoint. You are very much better off trying to keep the people you have. I know there are other alternatives out there, but if you have a more viable alternative in-house then that would be my recommendation up front.

B. Note of Thanks

Director of Administration, Erin Carriere mentioned that Genesee gets calls almost daily about our operators and how helpful and pleased the people are in the neighborhood at how they go over and above. When we had that really cold spell and pipes were breaking and when we had that huge dump of snow and they were going out at 4 in the morning and plowing just so that everyone could get access to our site. We do have people call all the time just to tell us how wonderful the guys are, and I thought that should be noted

ADJOURNMENT

There were no other items for discussion.

Motion. Director DeFilippo moved to adjourn the meeting.

Second. Director Howell seconded the motion.

Votes. 4 Ayes.

Result. The motion passed and the meeting was adjourned.

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Board of Directors Meeting – March 23, 2021

Scott Jones, District Manager

David Pezzutti, President/Chairman

Branch Russell, 1st Vice President

Frank DeFilippo, Secretary/Treasurer

Cynthia Dean Corbett, Vice President

Roger Howell, Vice President