

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, JANUARY 5, 2012**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman;
Dale Peck, Treasurer; Doralyn Genova, Secretary

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; David Foster;
Kelly McLaughlin; Terry Sykes;

REGULAR MEETING

Chairman Burger called to order the Regular Meeting of January 5, 2012 at 5:10 p.m. Director Norman was excused.

MINUTES OF THE DECEMBER 1, 2011 REGULAR MEETING

Director Genova moved to approve the December 1, 2011 Regular Meeting Minutes as submitted. Director Peck seconded and the motion passed.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept the Financial Report and Approve Accounts Payable Regular Checks of \$143,951.95 plus a Special Check Run of \$2,658.99 plus a second Special Check Run of \$2,020.00 plus HRA Disbursements of \$6,599.51 plus Benefits Checks of \$18,045.96 plus Supplemental Checks of \$17,910.41 plus Additional Checks in the amount of \$66,414.53 for a total of \$257,601.35. Accountant Foster reported on payment method trends. Director Peck seconded the motion. Manager Tooker reported that the District will not meet Budget projections for 2011 Water Sales. Assistant Manager Reinertsen commented that the District has received a higher than Budgeted amount in Plant Investment Fees, which is Non-Operating Revenue. The motion passed unanimously.

David Foster left the meeting at 5:20 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports. It was noted that although November 2011 water sales were significantly down from November of 2010, staff determined there were three less meter reading days in the November, 2011 billing cycle which reduced the billed consumption.

STAFF REPORTS

There were no Staff Reports.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda items as presented. Director Hassler seconded and the motion passed. The Express Agenda items were approved as follows:

1. New Water Rates Effective January 1, 2012 - New Water Service Rates go into effect for billing beginning on January 1, 2012. A Press Release regarding the new water rates went out to the media on December 2, 2012 and the rates were publicized in a front page article, along with a comparison with Ute, the City and the Town of Palisade, in the Daily Sentinel. All District customers received a notice of the rate increase via a blue insert with their bill. The bills to Clifton Sanitation District customers also included a yellow insert regarding their 2012 rate increase. We have had limited comments concerning the rate increase
2. Purchase of Water Shares - District Staff made two purchases of GVICo shares for a total of 9 shares. The Special Check Runs for each purchase is included in the Board Packet. The purchase of 9 additional shares increases the District's total shares to 1,787.
3. Mesa County 33 Road Project – Included in the Regular Check Run is a check to Mesa County in the amount of \$53,352.95. This is the District's payment as part of a cooperative agreement to install necessary water improvements during the Mesa County 33 Road Project.

UNFINISHED BUSINESS

Water Acquisition Plan/Water Rights – Manager Tooker provided the Board with a Water Rights Executive Summary document *(1/5/12 File)* and discussed the differences between domestic and irrigation water as well as what the District has the rights to divert year-round. Some of the District's water rights could potentially be more challenging to access in a dry year. Further discussion will be scheduled with the Board at future meetings.

Refinancing Colorado Water Power Resources Development Authority Loan – Manager Tooker presented a Staff Report *(1/5/12 File, 2012 Staff Reports)* and recommendation from bond counsel Joe Drew that the District would not achieve a substantial enough savings to justify refinancing the 2003 Colorado Water and Power Resources Authority Bond at this time.

NEW BUSINESS

Resolution Designating Time, Location and Posting of Meetings – Director Genova moved to adopt the Resolution Designating Meeting Time, Place and 24-Hour Posting Location for 2012. The details will remain the same in 2012 as were designated in 2011. Director Hassler seconded and the motion passed. The text of the approved Resolution is as follows:

**RESOLUTION DESIGNATING MEETING TIME, PLACE
AND 24-HOUR POSTING LOCATION**

WHEREAS, the Clifton Water District designates that all Regular Board of Directors Meetings will be held the first Thursday of each month at 5:00 p.m. located at the Clifton Water District Office, 510 34 Road, Clifton Colorado; and

WHEREAS, the Clifton Water District designates that the posting places for all Board of Directors meetings are the Clifton Water District Office and the following three additional locations; Clifton Sanitation District Office, Clifton Fire Department, and the Mesa County Clerk and Records Office Clifton Branch; and

WHEREAS, the Clifton Water District designates that the 24-hour Agenda Notice will be posted at the Clifton Water District Office; and

BE IT FURTHER RESOLVED, that this Resolution be adopted this 5th day of January 2012.

Resolution Adopting Emergency Rate – Manager Tooker presented the Exhibit A to the 2009 Resolution Adopting Emergency Rate, identifying the Emergency Rates as amended for the District’s 2012 Water Rate Table. Director Hassler moved to adopt the Exhibit A to the 2009 Resolution Adopting Emergency Rate and to reaffirm the 2009 Resolution Adopting the Emergency Rate and place it on hold until further action of the Board. Director Genova seconded and the motion passed. The 2012 Exhibit A to the 2009 Resolution to Establish Emergency Rate is inserted below:

**2012 Exhibit A
2009 Resolution to Establish Emergency Rate
Updated and Adopted January 5, 2012**

Minimum Charge	Usage 1000 gal	In-District Rate per 1,000 gal	Total Cost	Total Amount	Cost per 1000 gal	Minimum Charge	Usage 1000 gal	Rate per 1,000 gal	Total Cost	Total Amount	Cost per 1000 gal
\$14.50	3	Minimum	\$14.50	\$14.50	\$4.83						
\$14.50	4	\$11.25	\$25.75	\$25.75	\$6.44						
\$14.50	5	\$11.25	\$37.00	\$37.00	\$7.40						
\$14.50	6	\$11.25	\$48.25	\$48.25	\$8.04						
\$14.50	7	\$11.25	\$59.50	\$59.50	\$8.50						
\$14.50	8	\$11.25	\$70.75	\$70.75	\$8.84						
\$14.50	9	\$11.25	\$82.00	\$82.00	\$9.11						
\$14.50	10	\$11.25	\$93.25	\$93.25	\$9.33						
\$14.50	11	\$13.00	\$106.25	\$106.25	\$9.66						
\$14.50	12	\$13.00	\$119.25	\$119.25	\$9.94						
\$14.50	13	\$13.00	\$132.25	\$132.25	\$10.17						
\$14.50	14	\$13.00	\$145.25	\$145.25	\$10.38						
\$14.50	15	\$13.00	\$158.25	\$158.25	\$10.55						
\$14.50	16	\$13.00	\$171.25	\$171.25	\$10.70						
\$14.50	17	\$13.00	\$184.25	\$184.25	\$10.84						
\$14.50	18	\$13.00	\$197.25	\$197.25	\$10.96						
\$14.50	19	\$13.00	\$210.25	\$210.25	\$11.07	\$14.50	19	\$17.50	\$214.75	\$214.75	\$11.30
\$14.50	20	\$13.00	\$223.25	\$223.25	\$11.16	\$14.50	20	\$17.50	\$232.25	\$232.25	\$11.61
\$14.50	25	\$13.00	\$288.25	\$288.25	\$11.53	\$14.50	25	\$17.50	\$319.75	\$319.75	\$12.79
\$14.50	30	\$13.00	\$353.25	\$353.25	\$11.78	\$14.50	30	\$17.50	\$407.25	\$407.25	\$13.58
\$14.50	35	\$13.00	\$418.25	\$418.25	\$11.95	\$14.50	35	\$17.50	\$494.75	\$494.75	\$14.14
\$14.50	40	\$13.00	\$483.25	\$483.25	\$12.08	\$14.50	40	\$17.50	\$582.25	\$582.25	\$14.56
\$14.50	45	\$13.00	\$548.25	\$548.25	\$12.18	\$14.50	45	\$17.50	\$669.75	\$669.75	\$14.88
\$14.50	50	\$13.00	\$613.25	\$613.25	\$12.27	\$14.50	50	\$17.50	\$757.25	\$757.25	\$15.15
\$14.50	60	\$13.00	\$743.25	\$743.25	\$12.39	\$14.50	60	\$17.50	\$932.25	\$932.25	\$15.54
\$14.50	70	\$13.00	\$873.25	\$873.25	\$12.48	\$14.50	70	\$17.50	\$1,107.25	\$1,107.25	\$15.82
\$14.50	80	\$13.00	\$1,003.25	\$1,003.25	\$12.54	\$14.50	80	\$17.50	\$1,282.25	\$1,282.25	\$16.03
\$14.50	100	\$13.00	\$1,263.25	\$1,263.25	\$12.63	\$14.50	100	\$17.50	\$1,632.25	\$1,632.25	\$16.32

Out of District Rate is 150% of In-District

Resolution Setting Election for May 8, 2012 – Assistant Manager Reinertsen reported that 2012 is an election year for the District and two Board positions are up for election. Current terms are as follows:

Name/Oath of Office Date	2012 Election	10/7/2010	5/6/10	9/1/08	6/5/08	6/7/07	3/1/07	5/4/06	4/7/05
Doralyn Genova (2 terms)			Elected 4 yr					Elected 4 yr	Appointed
Robert Burger (1 term)	Pending 4 yr term				Elected 4 yr	Appointed			
Alan Hassler (1 term)			Elected 4 yr	Appointed					
Dale Peck (1 term)			Elected 4 yr						
Robert Norman	Pending 4 yr term	Appointed							

Director Genova moved to adopt the 2012 Clifton Water District Election Resolution, setting the election for May 8, 2012. Director Genova seconded and the motion passed. The text of the approved Resolution is as follows:

2012 CLIFTON WATER DISTRICT ELECTION RESOLUTION

*WHEREAS, the term of office of Directors Burger and Norman shall expire after their successors are elected at the **regular** Special District election to be held on May 8, 2012 and take office; and*

*WHEREAS, in accordance with the provisions of the Special District Act ("Act") and the Uniform Election Code of 1992 ("Code), the Election must be conducted to elect two Directors to serve for a term of **four** years; and*

NOW, THEREFORE, be it resolved by the Board of Directors of the Clifton Water District in Mesa County, State of Colorado that:

1. *The regular election of the eligible electors of District shall be held on May 8, 2012, between the hours of 7:00 A.M. and 7:00 P.M. pursuant to and in accordance with the Act, Code, and other applicable laws. At that time, two Directors will be elected to serve a **four**-year term.*
2. *David A. Reinertsen shall be appointed as the Designated Election Official on behalf of the District and is hereby authorized and directed to proceed with any action necessary or appropriate to effectuate the provisions of this Resolution and of the Act, Code, or other applicable laws. The Election shall be conducted in accordance with the Act, Code, and other applicable laws. Among other matters, the Designated Election Official shall appoint election judges as necessary, appoint the Board of Canvassers, arrange for the required notices of election (either by mail or publication) and printing of ballots, and direct that all other appropriate actions be accomplished. The appointed person shall be appointed by the board and swear or affirm an oath of office. This document will be submitted to the Board as an official part of the election record. Exhibit A*
3. *One (1) walk-in voting place is established as set forth below:*

*David A. Reinertsen, DEO
Clifton Water District Business Office
510 34 Road
Clifton, CO 81520
District Office Telephone Number (970) 434-7328
District Office Facsimile (970) 434-7338
dreinertsen@cliftonwaterdistrict.org*

Office Hours: 8:00 AM to 5:00 PM, Monday through Friday – walk-in voting place will be open on election day between 7:00 am and 7:00 pm.

4. *Applications for a mail-in ballot are due to the Designated Election Official by the close of business on May 1, 2012 if the applicant wants the mail-in ballot mailed to him or her. If the applicant is willing to pick up his or her mail-in ballot, the deadline for filing the application with the Designated Election Official is the close of business on May 4, 2012.*
5. *Self Nomination and Acceptance petitions are available at the Designated Election Official's office located at the above address. All candidates must file a nomination petition with the Designated Election Official no later than 3:00 P.M. on **March 2, 2012**. A person who misses this deadline, but wishes to be a write-in candidate for office, shall file an affidavit of intent with the Designated Election Official no later than 5:00 P.M. on **March 5, 2012**.*
6. *If the only matter before the electors is the election of persons to office, and if at the close of business on **March 6, 2012**, there are not more candidates than offices to be filled at the election, including candidates filing affidavits of intent to be a write-in, the Designated Election Official shall cancel the Election and by Resolution declare the candidates elected. Notice of such cancellation shall be published and posted in accordance with the Code.*
7. *Severability. If any part or provision of this Resolution is adjudged to be unenforceable or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, it being the Board's intention that the various provisions hereof are severable.*
8. *Repealer. All acts, orders, and resolutions, or parts thereof, of the Board which are inconsistent or in conflict with this Resolution are hereby repealed to the extent only of such inconsistency or conflict.*
9. *Effective Date. The provisions of this Resolution shall take effect immediately.*

ADOPTED AND APPROVED this 5th day of January, 2012.

Certificate to Appoint Designated Election Official – Director Peck moved to appoint David Reinertsen as the District's Designated Election Official for 2012, and to adopt the related Certificate of Designation. Director Hassler seconded and the motion passed. The text of the approved Certificate is as follows:

CERTIFICATE OF APPOINTMENT OF DESIGNATED ELECTION OFFICIAL

THIS IS TO CERTIFY, that we have this day appointed, and do hereby appoint David A. Reinertsen as Designated Election Official for the purposes of conducting our special district regular biennial election on May 8, 2012. The appointment includes the authority to act on behalf of the board of directors in planning and implementing the duties required in the success of an election. The Designated Election Official will, with integrity and transparency, and according to law, conduct an election for the Clifton Water District, County of Mesa, State of Colorado. The Designated Election Official has full power and authority to act in an official capacity prior to, during, and until the results of the May 8, 2012 regular biennial election results are certified, unless this appointment should be sooner extended or revoked by Resolution.

WITNESS our hand and seal this 5th day of January, 2012.

Resolution Adopting Availability of Service Charge for 2012 – Manager Tooker presented the Resolution to adopt the District’s Availability of Service Charge for 2012. This charge is calculated based on the average customer bill in 2011. Director Hassler moved to adopt the Resolution Adopting Availability of Service Charge for 2012. Director Genova seconded and the motion passed. The text of the Resolution and the adopted Availability of Service Charges for in-District and Out-of-District customers is as follows:

RESOLUTION FOR THE AVAILABILITY OF SERVICE CHARGE FOR 2012

WHEREAS, the District has reviewed the Availability of Service Charge Policy; and

WHEREAS, the Availability of Service Charges are considered to be an equitable revenue contribution toward the repayment toward debt incurred by the Clifton Water District; and

WHEREAS, the Availability of Service Charge Policy is for those customers who benefit from the immediate availability of water service even though they are currently not receiving water; and

WHEREAS, all revenue generated by the Availability of Service Charge shall be used to repay the principal and interest on bonds and other outstanding indebtedness; and

WHEREAS, in the 2012 Fiscal Year the District has indebtedness for Water Revenue Bonds; and

WHEREAS, the said percentage of the Availability of Service Charge shall be determined by the Board; and

WHEREAS, in 2011 the average water usage charge for a Clifton Water District In-District customer was \$21.43/month per customer; and

WHEREAS, in 2011 the average water usage charge for a Clifton Water District Out-of-District customer was 36.40/month per customer.

NOW THEREFORE BE IT RESOLVED, that the Clifton Water District Board of Directors establish the In-District Availability of Service Charge for the 2012 Fiscal Year at 50% of the In-District average water bill in 2011, which equals \$10.72 per month per customer and the Out-of-District Availability of Service Charge for the 2012 Fiscal Year at 44% of the Out-of-District average water bill in 2011, which equals \$16.08/month per customer.

BE IT FURTHER RESOLVED, that this Resolution be adopted this 5th day of January 2012 and is effective January 5, 2012.

2012 Workers Compensation Renewal – Assistant Manager Reinertsen presented a Staff Report (*2012 Staff Reports*) and Recommendation to renew the 2012 Workers Compensation coverage with the \$500 Claims Deductible the same as 2011. There were three minor claims filed in 2011 with a total expenditure of \$280. The premium for 2012 is \$1,120.17 less than the 2011 premium. Director Peck moved to approve the 2012 Workers Compensation Renewal as presented with an annual premium of \$16,234.23 and to approve the check payable to Colorado Special Districts Property and Liability Pool for the 2012 premium. Director Genova seconded and the motion passed.

2012 General Liability and Property Insurance Renewal – Manager Tooker recommended continuation of the District's General Liability, Property and Casualty Insurance coverage through the Colorado Special Districts Property and Liability Pool. Coverage is the same as 2011 except the values of some vehicles were adjusted. He noted that the District's policy also includes identity theft coverage for the Board members and staff. Director Peck moved to approve the 2012 General Liability, Property and Casualty Insurance, as recommended, in the amount of \$49,503 and approve the check payable to Colorado Special Districts Property and Liability Pool. Director Genova seconded and the motion passed.

2011 Audit Request for Proposals – Manager Tooker presented a Staff Report (*2012 Staff Reports, 2011 Audi*) summarizing the four submittals received in response to the District's 2011 Audit Request for Proposals. Proposals were received from: Chadwick, Steinkirchner, Davis & Co; Dalby Wendland & Co; Rubin Brown; and Jeff Wendland CPA. Director Genova declared a Conflict of Interest due to having a relative that is a partner with Chadwick, Steinkirchner, Davis & Co. and she abstained from any further discussion during this agenda item. The Board reviewed the cost, experience, audit approach and audit staff summaries of the four firms. Director Peck moved to award the 2011 Audit preparation to Chadwick, Steinkirchner, Davis and Company based on the firm's demonstrated professionalism, Special District governmental experience, presentation of the audit approach, specific audit personnel identified and their reporting commitment. Further, this selection is not based on the lowest cost proposal. The lowest cost proposal did not meet the overall expectations of the District. Director Hassler seconded and the motion passed. Director Genova abstained due to her stated Conflict of Interest.

2012 Health Reimbursement Arrangement Plan Documents – Manager Tooker reported that the District's Health Reimbursement Arrangement has been amended to include two separate plans; one plan for full-time employees and one plan for part-time employees. Contracts for each plan have been received for the 2012 year. He further reported that through the end of 2011 there has been approximately a 60% utilization rate of the Health Reimbursement Arrangement as budgeted. Employees have a 90-day period to finalize submittals for the 2011 Plan Year. Director Peck moved to approve the Health Reimbursement Arrangement Agreements for Full-Time Employees and for Part-Time Employees and authorize Manager Tooker to execute those documents. Director Genova seconded and the motion passed.


MANAGER'S EVALUATION

Director Burger requested that each Board member complete a written evaluation of Manager Tooker and individually provide their evaluation to him for compilation prior to the February 2, 2012 Meeting.

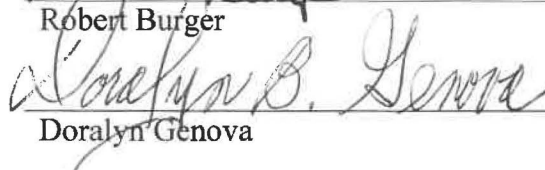
ADJOURNMENT

Director Genova moved to adjourn the meeting. Director Peck seconded and the motion passed. The meeting was adjourned at 6:40 p.m.

ATTEST:



Robert Burger



Doralyn Genova



Alan Hassler



Dale Peck

- excused -

Robert Norman

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, FEBRUARY 2, 2012**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman; Dale Peck, Treasurer; Doralyn Genova, Secretary; Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; David Foster; Kelly McLaughlin; Terry Sykes; Angie Beebe

REGULAR MEETING

Chairman Burger called to order the Regular Meeting of February 2, 2012 at 5:06 p.m. Three additions were made to the Agenda. One item was added to the Express Agenda: 2012 Water Course – presented by The Water Center at Colorado Mesa University and The Mesa County Water Association. One item was added to Unfinished Business: Front Office Security. One item was added to New Business: Account #12004 Hollywood Captec dba Denny's Restaurant Metering Issue.

MINUTES OF THE JANUARY 5, 2012 REGULAR MEETING

Director Genova moved to approve the January 5, 2012 Regular Meeting Minutes with an amendment to add a chart identifying the terms of the Board of Directors on Page 4. Director Hassler seconded and the motion passed. Director Norman abstained as he had not been present at the January 5, 2012 Meeting.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept the Financial Report and approve Accounts Payable Regular Checks of \$58,470.93 plus HRA Disbursements of \$3,434.88 plus Benefits Checks of \$15,408.02 plus Supplemental Checks of \$31,249.21 for a total of \$108,563.04. Director Hassler seconded the motion. Accountant Foster noted that this set of Financials includes the Quarterly and Year-End Balance Sheet. It was noted that Credit Card Fees is included in the General and Administrative Insurance line item on the Profit and Loss Statement. Chairman Burger requested that the record reflect that the financial institution identified as Colorado National Bank in the Financial Reports was previously known as Palisade National Bank. The motion passed unanimously.

David Foster and Angie Beebe left the meeting at 5:20 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports and noted that 2011 ended with a total of 49 taps sold, an increase of 44% over 2010. The year ended with the number of Availability of Service accounts down by 9.9% from the end of 2010. Water Sales were down 4.9% at the end of 2011 compared with the end of 2010. Water Quality data showed an overall reduction in Total Dissolved Solids (TDS) requiring treatment in 2011. Staff overtime hours for 2011 ended slightly below the 2010 number. No Capital project costs or Attorney Fees were paid for the reporting month of December, 2011.

STAFF REPORTS

2011 Customer Trends Data – A Staff Report (2/2/12 File, 2011 Staff Reports) summarizing Billing and Customer trends through 2011 was presented and discussed. Information only, no action was necessary.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda Items 1 through 3 as presented. Director Norman seconded and the motion passed unanimously. The Express Agenda items are as follows:

1. InfoSend Bill Printing and Mailing – The total cost for InfoSend Bill Printing and Mailing in 2011 was \$70,899.00. This amount included the additional costs associated with the distribution of two Billing Inserts (one for the water rate increase and one announcing the IVR payment option) and the cost for reprogramming of the Bills for the Springbrook Version 7 migration. The total cost of \$70,899 was \$23,570 less than the annual cost of Bill Printing and Mailing prior to implementation of InfoSend. The 2011 annual cost for InfoSend to process, print and mail each Bill or Discontinuation of Service Notice calculates to \$0.48 per piece mailed including the additional inserts and programming.
2. 2011 4th Quarter SILLs Staff Recognition Luncheon – The 2011 4th Quarter SILLs staff recognition luncheon is scheduled for Wednesday, February 1 at 12:00 pm in the Board Room. This recognition will highlight the implemented Simple Improvements at the Local Level (SILL) that staff member identified during October through December of 2011. Board members are invited to attend.
3. 2012 Water Course – presented by The Water Center at Colorado Mesa University and The Mesa County Water Association. The 2012 Water Course sponsored by The Water Center at Colorado Mesa University will take place on three consecutive Thursdays in February, starting on February 9th. The three, three-hour presentations will start at 6 pm at the Ute Water facilities located at 22 and H ¼ Roads. Session One will cover Water Law and the Roles of Local Agencies. Session Two will cover Water Supply and Planning, and Session Three will cover

Water Quality. If interested please let the office know so registration forms can be completed for any session Board Members would like to attend.

UNFINISHED BUSINESS

2011 Audit – Engagement Letter – Manager Tooker presented the Audit Engagement Letter for preparation of the 2011 Audit by Chadwick, Steinkirchner, Davis & Co. Director Genova abstained from participation in this agenda item due to the conflict of interest disclosed at the January 5, 2012 Regular Meeting. It was noted that the 2012 Budget was adopted with less funding allocated to Audit Expenses than the proposal submitted by Chadwick, Steinkirchner, Davis & Co. Director Hassler moved to authorize the transfer of \$4,200 from Contingency to the Operational Budget for Audit Services in order to proceed with the 2011 Audit. Director Norman seconded and the motion passed. Director Genova abstained. Director Hassler moved to approve the Audit Engagement Letter for preparation of the 2011 Audit by Chadwick, Steinkirchner, Davis & Co. at a not to exceed amount of \$9,100, and authorize Manager Tooker to sign the Letter. Director Norman seconded and the motion passed. Director Genova abstained.

Water Acquisition Plan/Water Rights – Manager Tooker presented a document “Water Rights Executive Summary, Part II – Available Water Sources, Prepared February 2, 2012”. (2/5/12 File) He summarized water acquisition issues including Grand Valley Irrigation Shares, Colorado River Direct Flow ownership, Colorado River Contract Pools purchases, and various options requiring significant capital expenditures to develop and transport water. The advantages of cooperative efforts could also be explored. The Board will consider this information in the creation of a strategic plan for water acquisition and development.

Water Conservation Plan – Assistant Manager Reinertsen presented a summary document of the Draft Grand Valley Regional Water Conservation Plan (2/5/12 File, Grand Valley Regional Water Conservation Plan). The Plan is ready for the required 60-day public comment period. The Plan is available for public review on the Drought Response Information Program (DRIP) website, www.thedripwebsite.com. The Plan is scheduled for final adoption in May by the governing Boards of Clifton Water District, Ute Water Conservancy District and the City of Grand Junction.

Grand Valley Water Quality Project – Manager Tooker presented a Staff Report (2/5/12 File, 2012 Staff Reports) regarding the Scope of Work, Schedule and 2012 Cost Allocation for the Grand Valley Water Quality Project which the District is a participant in. The focus of the Project is the development of a comprehensive database of water quality data to be utilized by the cooperating entities in responding to future water quality issues.

Front Office Security – Assistant Manager Reinertsen reported that Staff are evaluating whether there continues to be a need for uniformed security positioned in the Office Lobby during

Discontinuation of Service Days since the security glass was installed in the Customer Service windows. The evaluation will be presented at the March 1, 2011 Regular Board Meeting.

NEW BUSINESS

On-Call Status and Personnel Policies 8.9 On-Call Requirements and Policy 21 Vehicle Use – Manager Tooker presented copies of Personnel Policy Section 21 – Vehicle Use and Personnel Policy Section 8.9 On Call Requirements (*Personnel Policy*) and reported that he has received a number of requests from employees to transport family members while driving a District vehicle when on-call, as is defined as exceptions in Personnel Policy Section 21.3.2 regarding Vehicle Use. Exceptions were to be allowed for the occasional instance when no other options were available, however, current requests appear to be for routine transport while an employee is on-call. Manager Tooker noted that, as per Personnel Policy 8.9, on-call personnel are not required to drive a District vehicle when on call. Board members stated strong concern with employees transporting family members in District vehicles for any reason. The Board requested that the Policy Committee review current Policy language and recommend changes as appropriate for Board consideration.

Operating Policy #410 Water Usage Fees Third Party Notification – A Staff Report (*2/2/12 File, 2012 Staff Reports*) was presented regarding current and proposed processes used to charge a Third Party Notification Fee to a customer account. Staff recommends changing the current Fee from an annual assessment based on the month the original agreement was signed to a monthly assessment in order to reduce staff time required for processing annual assessments. The Board requested that the Policy Committee review the Policy and recommend changes as appropriate for Board consideration.

Account #12004 Hollywood Captex dba Denny's Restaurant Metering Issue – Manager Tooker advised the Board that District staff found that the meter installed to service the Denny's Restaurant on October 7, 2011 was tampered with resulting in water bypassing the meter. No water usage has been recorded or billed to the Account since the meter installation. A summary of the estimated unmetered water use was provided to the Board (*2/2/12 File*) along with text from Policy #420 Water Usage Fees, Section 2.4, Section 8, and Section 12.9 pertaining to penalties associated with tampering and unauthorized use. If these Fees were applied as per Policy for every day since October 7, 2011 when the meter was installed, Account #12004 would be assessed penalties of approximately \$107,000 plus the estimated unmetered water use charges of \$605.80. It is unknown who may have tampered with the meter. The Board stated the need for the District to assess penalties for this incident but suggested that the District could have identified there was no usage on the account after billing occurred the first month, therefore, penalties should not be applied for each day since October 7, 2011. The Board identified penalties to be charged as follows: 1) One incident of tampering at \$1,000 as per Policy 8.1 – Right of Exclusive Control; 2) 30 days of Unauthorized Water Use at \$50.00 per day as per Policy 12.9.1 – Unauthorized Water Use; and, 3) the estimated water use since October 7, 2011 of \$605.80 as calculated by Staff based on average water use of 2,900 gallons per day since the tampering was identified and corrected. Manager Tooker will contact the representative of Denny's Restaurant to clarify the actions the District will take regarding this situation.

PERSONNEL

Staffing Changes and Manager's Evaluation – Director Hassler moved to go into Executive Session as per C.R.S. 24-6-402 (4)(f) for the purpose of discussing the identified Personnel matters. Present in the session will be Directors Burger, Hassler, Genova, Peck and Norman, with Staff being excused. Director Genova seconded and the motion passed unanimously. The Board went into Executive Session at 8:04 p.m.

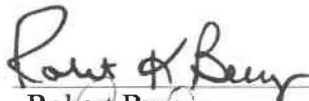
Director Hassler moved to exit the Executive Session. Director Norman seconded and the motion passed unanimously. The Board exited the Executive Session at 8:24 p.m.

Upon completing the Manager's Evaluation the Board increased the District Manager's salary by 3%, retroactive to January 1, 2012.

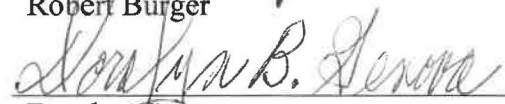
ADJOURNMENT

Director Peck moved to Adjourn the February 2, 2012 Regular Meeting. Director Norman seconded and the motion passed unanimously. The Meeting was adjourned at 9:10 p.m.

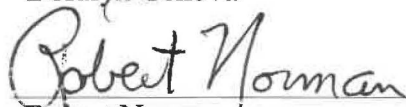
ATTEST:



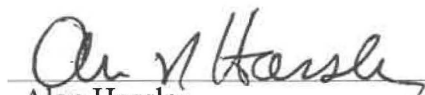
Robert Burger



Doralyn Genova



Robert Norman



Alan Hassler



Dale Peck

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, MARCH 1, 2012**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman; Dale Peck, Treasurer; Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; David Foster; Kelly McLaughlin; Terry Sykes; Angie Beebe

REGULAR MEETING

Chairman Burger called to order the March 1, 2012 Regular Meeting at 5:01 p.m. Director Genova was excused from attendance at the meeting. One item was added to the Agenda under Informational Reports – Update on Account #12004 Hollywood Captec dba Denny's Restaurant.

MINUTES OF THE FEBRUARY 2, 2012 REGULAR MEETING

Director Peck moved to approve the February 2, 2012 Regular Meeting Minutes as submitted. Director Hassler seconded and the motion passed.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Peck moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$69,544.51 plus Benefits Checks of \$14,959.85 plus Supplemental Checks of \$24,793.02 for a total of \$109,297.38. Director Hassler seconded the motion. Accountant Foster reported that HRA disbursements are now made electronically and therefore are not listed in the Accounts Payable Checks. A summary report of those HRA disbursements is included in the Board packet. Accountant Foster also reported that the Accounting department will work to resolve the discrepancy of \$2,830.46 between Ending Reserves on the Statement of Cash Flow and the Balance Sheet by reviewing all bank statements back to January 2011 to assure the beginning balance for 2012 is correct. The Board directed that the Bond payment be identified on the monthly reports rather than the quarterly report. The motion passed unanimously.

David Foster and Angie Beebe left the meeting at 5:15 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for January of 2012. No significant items were noted for discussion.

INFORMATIONAL REPORTS

Bank Accounts – Manager Tooker presented an Informational Report (3/1/12 File, 2012 Staff Reports) itemizing the District's bank accounts and the purpose of each account. The Board requested that Staff identify options to simplify the number of accounts and/or number of financial institutions used. Chairman Burger requested a letter from ANB stating that the District has collateralized backing for its funds. Procedures to wire transfer funds were discussed as well as changes to the Wire Transfer Report to identify which monthly report total is to be used for verification of the amount being reported.

Account #12004 Hollywood Captex dba Denny's Restaurant – Manager Tooker reported that after the February 2, 2012 Board Meeting, staff conducted further research into the unmetered usage of water at the Denny's Restaurant. It was determined that the bypass outside of the vault was turned on for line testing with the knowledge of District staff, and there is no evidence that District staff ever turned the meter on. Manager Tooker will contact the representative of Denny's and advise them that no penalties will be assessed for the period of unmetered water usage that occurred between October and mid-January.

EXPRESS AGENDA

Director Hassler moved to approve the Express Agenda items as submitted. Director Peck seconded and the motion passed. The approved Express Agenda items are as follows:

1. 2012 Water Course – The 2012 Water Course sponsored by the Mesa County Water Association and the Water Center at Colorado Mesa University was held on February 9th, 16th, and 23rd at the Ute Water Public Meeting Room. Director Peck and Assistant Manager Reinertsen attended all three sessions representing the District. Assistant Manager Reinertsen presented an overview of the Grand Valley Domestic Water Providers and launched the Regional Water Conservation Plan's public comment period by outlining the Plan and requesting public review and comment at the first session.

UNFINISHED BUSINESS

2012 Election – Assistant Manager/Designated Election Official Reinertsen reported that Self-Nomination Forms have been received from Robert Burger and Robert Norman and they have been verified as eligible electors within the District. The closing date for Self-Nominations is March 2, 2012 and the deadline for filing an affidavit of intent to be a Write-in candidate is March 5, 2012. If not additional Nominations are received the 2012 Election will be officially cancelled at the April 5, 2012 Regular Board Meeting.

Front Office Security- Assistant Manager Reinertsen presented a Staff Report (3/1/12 File, 2012 Staff Reports) summarizing actions taken since May of 2011 to improve office security through the installation of security glass windows in the Customer Service area and the use of a security service on Discontinuation of Service days. Use of the security service was ceased after the first week of February of 2012 and Staff will continue to evaluate any further need for this service. Improvements to the microphone system in the Customer Service lobby windows will be installed later this month.

Verizon Wireless Option and Lease Agreement – Manager Tooker presented a Staff Report (3/1/12 File, 2012 Staff Reports) regarding Verizon Wireless’ notification to the District of its intent to extend and renew the January 1997 Agreement for an additional term. A copy of the 1997 Agreement was also provided to the Board for their reference.

NEW BUSINESS

Policy 410 Plant Investment Fees – Dedicated Fire Lines – Manager Tooker identified the need to address the District’s current Plant Investment Fee Policy as it pertains to dedicated fires lines. This need is the result of recent fee inquiries pertaining to proposed commercial development in the District’s service area that will be required to design and install fire sprinkler systems in compliance with the recently adopted International Fire Code. When the current fee structure was developed it was based on the District’s existing and projected customer growth parameters under the code requirements in effect at the time. This item is informational only at this time and it was Board consensus to have the Policy Committee evaluate Plant investment fee options and provide recommendations for future consideration by the Board.

Project 2012-01 3rd Street Main Line Upgrade/Replacement – Assistant Manager Reinertsen requested Board Authorization to initiate the bid process for construction of the 3rd Street Main Line Upgrade/Replacement that was designed in 2011 and identified and funded in the 2012 Budget. Director Peck moved to authorize staff to commence the construction bid process for Project 2012-01, installation of a water line upgrade/replacement in 3rd Street, Clifton. Director Hassler seconded and the motion passed.

PERSONNEL

Staff Changes – Manager Tooker reported that Water Treatment Plant Operator Todd Desmarais has resigned and Staff are currently interviewing applicants to fill the opening.

ADJOURNMENT

Director Hassler moved to adjourn the meeting. Director Norman seconded and the motion passed. The March 1, 2012 Regular Meeting was adjourned at 7:30 p.m.

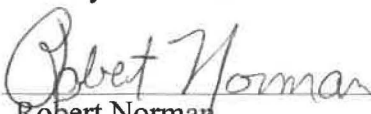
ATTEST:



Robert Burger

excused

Doralyn Genova



Robert Norman



Alan Hassler



Dale Peck

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, APRIL 5, 2012**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman; Doralyn Genova, Secretary; Dale Peck, Treasurer; Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Terry Sykes; Angie Beebe

REGULAR MEETING

Chairman Burger called to order the April 5, 2012 Regular Meeting at 5:05 p.m. An additional item was added to the Agenda under Informational Reports – Intake Structure Debris.

MINUTES OF THE MARCH 1, 2012 REGULAR MEETING

Director Hassler moved to approve the March 1, 2012 Regular Meeting Minutes as submitted. Director Peck seconded and the motion passed. Director Genova abstained as she had not been present at that meeting.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$80,437.47 plus Benefits Checks of \$16,739.88 plus Supplemental Checks of \$5,043.78 for a total of \$102,221.13. Director Peck seconded the motion. Manager Tooker advised the Board that Staff continue to work through the recently identified discrepancies in some financial reports. He recommends that correcting entries not be made until after the auditors have completed their work and made their recommendations. The monthly Notes to Financials will include an identification of the discrepancies between the Statement of Cash Flow and Balance Sheet until they are resolved. Manager Tooker noted the additional index column that has been added to the Wire Transfer Report. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for February of 2012. Two items of particular note were that Tap Sales through February were 125% of last year, and the number of accounts on Availability of Service are 22% less than the same period in 2011.

INFORMATIONAL REPORTS

March 2012 Drought Update – Manager Tooker provided the Board with the Report from the State regarding state-wide drought conditions. The District will not be preparing for possible flooding this year.

Grand Valley Water Quality Project Notice to Proceed – Manager Tooker provided a copy of the Notice to Proceed for the Grand Valley Water Quality Project in which the District is a financial participant.

Intake Structure Debris – Assistant Manager Reinertsen reported that some maintenance of the new intake structure was needed due to river debris this spring. An evaluation of intake structure operations and possible engineered modifications will be undertaken prior to next winter's operational start-up.

EXPRESS AGENDA

Director Hassler moved to approve the Express Agenda items as submitted. Director Genova seconded and the motion passed unanimously. The approved Express Agenda items are as follows:

1. Springbrook Annual Conference – April 9 – 12, 2012 – Angie Beebe and Kelly McLaughlin will attend the Springbrook Annual Conference to be held in Portland Oregon April 9 – 12, 2012. Travel, lodging and registration costs for each employee are \$1,428.00.
2. Project 2012-01 3rd Street Main Line Upgrade/Replacement – The advertisement for Bids was published in the Daily Sentinel on March 30, 2012. Mandatory Pre-Bid Tour will take place on Thursday, April 12 with the Bid Opening scheduled for Thursday, April 26, 2012 at 4 pm at the District office. Construction contract award recommendations will be presented to the Board at the May 3, 2012 Regular Board Meeting.
3. Mesa County 33 Road Upgrade Project – Ben Dowd Excavating will install 400 feet of new 10" water main and relocate four water services in preparation of Mesa County's final phase of the 33 Road Upgrade Project. The District's preparatory work will be completed prior to the County's planned May 1st construction start date.
4. Front Office Security – FCI Constructors completed the replacement of the front office security glass (warranty replacement) and installed the new customer service microphone speaker systems. The new microphone speaker systems have greatly improved the two-way communication capability between walk-in customers and District staff.
5. Water Festival – The 2012 Children's Water Festival will be held on May 14 and 15 at Colorado Mesa University for the 19th consecutive year. District staff will participate as classroom presenters for the session titled "River to Tap" where we explain and demonstrate how Clifton Water treats Colorado River water and delivers it to our customers. Staff will also participate in the DRIP water conservation activity booth. If Board members would like to attend any of the festivities, please contact Kelly for registration.
6. DRIP – The 2012 DRIP kick-off meeting was held on March 16. DRIP members discussed activities to be undertaken with the 2012 DRIP Public Information process. Activities will include continued presence at public venues disseminating water conservation information and strategies; updating the fundamentals and message of the DRIP group; and, development

of an updated web site addressing the Grand Valley Drought Response Plan, the Regional Water Conservation Plan along with general water conservation information.

UNFINISHED BUSINESS

2012 Election – Cancellation Resolution – Assistant Manager Reinertsen presented a Resolution to Cancel the 2012 Election due to there being only two candidates for two vacancies as of the deadline for candidacy. Robert Burger and Robert Norman were deemed elected. Director Hassler moved to adopt the Resolution for Cancellation of Election and Declaration Deeming Candidates Elected. Director Genova seconded and the motion passed unanimously. Director Peck signed the Resolution. The Resolution text is inserted below:

**RESOLUTION
CANCELLATION OF ELECTION
DECLARATION DEEMING CANDIDATES ELECTED**

Clifton Water District, Mesa County, Colorado

WHEREAS, the Designated Election Official of the District has been duly authorized by the Board of Directors to cancel and declare candidates elected at the close of business on the sixty-third day before the election to be conducted on May 8, 2012,

AND WHEREAS, there were not more candidates for director than offices to be filled, including candidates filing affidavits of intent to be write-in candidates,

NOW THEREFORE, pursuant to 1-5-208(1.5), C.R.S., the Designated Election Official HEREBY CANCELS the regular election to be conducted on May 8, 2012.

THE ELECTION IS CANCELED BY FORMAL RESOLUTION AND THE FOLLOWING CANDIDATES ARE DECLARED ELECTED FOR THE FOLLOWING TERMS OF OFFICE:

*Robert K. Burger
581 East Valley Drive
Grand Junction, CO 81504
(Four year term May 2012 - May 2016)*

*Robert Norman
590 Ronlin Street
Grand Junction, CO 81504
(Four year term May 2012 - May 2016)*

Signed by: _____
Member of the Board of Directors of the District

Contact Person for the District: *David A. Reinertsen*
Telephone Number of the District: *(970) 434-7328*
Address of the District: *501 34 Road, Clifton, CO 81520*

District Bank Accounts – Manager Tooker presented a Staff Report itemizing existing District bank accounts. Director Hassler moved to approve the Staff recommendation in the District Bank Accounts Staff Report dated March 29, 2012 to centralize all of the District’s banking activity to ANB in order to improve efficiency and to simplify the District’s processes, with the exception of one account to remain at Alpine Bank that is utilized for the electronic transfer of payroll taxes. Director Genova seconded and the motion passed unanimously. The Board reviewed a letter received from ANB Cash Management Officer Sperber dated March 12, 2012 stating ANB’s collateralization of funds and ANB’s compliance with the Colorado Public Deposit Protection Act. The Board directed Staff to obtain a Certificate or collateralization letter from a member of ANB Executive Management.

NEW BUSINESS

2012 Clifton Sanitation District Water Share Rental – Manager Tooker provided a Staff Report summarizing the 2011 Water Share Rental Agreement with the Clifton Sanitation District (CSD) and reported that 40 Grand Valley Irrigation Shares will be rented to CSD for the 2012 irrigation season.

Reorganization of the Board of Directors – The Board discussed the opportunity to reorganize the assignment of officers serving on the Board of Directors following the declaration of election of Robert Burger and Robert Norman. The swearing-in for their new terms will occur at the Board’s June 7, 2012 Regular Meeting. The rotation of offices was agreed upon. Director Genova moved to appoint Alan Hassler as the District Chairman effective June 7, 2012. Director Burger seconded and the motion passed unanimously. Director Genova moved to appoint Dale Peck as the District Vice-Chairman, Doralyn Genova as the District Treasurer, Robert Norman as the District Secretary and Robert Burger as the District Director effective June 7, 2012. Director Hassler seconded and the motion passed unanimously.

Committee Assignments – The Board will review the list of Board Committees and determine new assignments at the June 7, 2012 Regular Meeting.

Energy Use Audit – Johnson Controls, Inc. – Assistant Manager Reinertsen presented a Staff Report summarizing an energy use evaluation the District is obtaining from Johnson Controls, Inc. The preliminary assessment is at no-cost to the District. The Board stated concern with proceeding with any project that would be at a cost to the District without significant further evaluation. Staff will continue to update the Board as more information becomes available.

EXECUTIVE SESSION

Financial Reporting and Discrepancies – Chairman Hassler moved for the Board to go into Executive Session as per C.R.S. 24-6-402(4)(d) and C.R.S. 24-6-402(4)(g) to discuss Financial Reporting and Discrepancies. Persons present in the Executive Session will be: Directors Burger, Hassler, Genova, Peck and Norman and staff members Tooker, Reinertsen, McLaughlin, Beebe and Sykes. Director Genova seconded and the motion passed unanimously. The Executive Session commenced at 6:40 p.m.

The Board concluded the Executive Session and the Regular Meeting was called back to order at 8:28 p.m.

Director Hassler moved to direct Staff to initiate the investigation of the circumstances of the financial reporting and discrepancies by scheduling an enhanced audit to be performed by Chadwick, Steinkircher, Davis and Company, and to investigate insurance options.

ADJOURNMENT

Director Genova moved to adjourn the Regular Meeting. Director Norman seconded and the motion passed unanimously. The April 5, 2012 Meeting was adjourned at 8:32 p.m.

ATTEST:



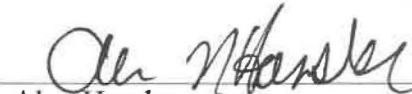
Robert Burger



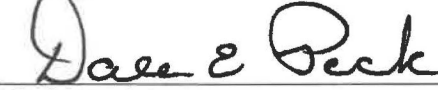
Doralyn Genova



Robert Norman



Alan Hassler



Dale Peck

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, MAY 3, 2012**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman; Doralyn Genova, Secretary; Dale Peck, Treasurer; Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Terry Sykes; Angie Beebe

REGULAR MEETING

Chairman Burger called the Regular Meeting to order at 5:10 p.m. No changes to the Agenda were noted.

MINUTES OF THE APRIL 5, 2012 REGULAR MEETING

Director Genova moved to approved April 5, 2012 Regular Meeting Minutes as presented. Director Peck seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Reports and Approve Accounts Payable Regular Checks of \$174,336.62 plus Benefits Checks of \$16,565.47 plus Supplemental Checks of \$6,169.76 for a total of \$197,071.85. Director Hassler seconded the motion. A Revised February, 2012 Statement of Cash Flow was provided to the Board along with the March, 2012 Financial Reports. The Board reviewed the Notes to Financial Statements details. The motion passed unanimously.

- Angie Beebe left the meeting at 5:30 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for March, 2012. The number of taps sold at the end of March were 15; this is 150% of 2011 numbers. The 2012 Water Sales are nearly equal to 2011 Water Sales through March. Overtime hours, Safety Meetings, and the Credit Card Reports were reviewed. The Board reviewed the newly created Pending Items list in the Manager's Reports.

INFORMATIONAL REPORTS

Account #12004 Hollywood Captec dba Denny's Restaurant – Manager Tooker summarized the Informational Report (2012 Staff Reports) regarding the back-billing of Account #12004

Hollywood Captec dba Denny's Restaurant for the total amount of \$902.50. This reflects the billing for the estimated 123,000 gallons in unbilled water usage from September 30, 2011 to January 28, 2012.

Traffic Control Cost Savings – Manager Tooker presented a Report (*2012 Staff Reports*) from Distribution Supervisor Dalley regarding options for the District to provide some of its own Traffic Control services at a total estimated savings of \$7,064 for the remainder of 2012. The Board had recently noted and stated concern regarding increasing expenditures for Traffic Control. District employees will need to attend the Traffic Control Supervisor training course in December in order to implement some of the cost savings measures and the District's insurance carrier will need to confirm coverage of District Traffic Control activities.

Health Reimbursement Arrangement (HRA) 2011 Year-End Report – Manager Tooker presented the Informational Report (*2012 Staff Reports*) summarizing the utilization of the District's Health Reimbursement Arrangement (HRA) for 2011. The total net Budget savings attributed to the HRA in 2011 was \$111,591.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda Items as presented. Director Hassler seconded and the motion passed unanimously. The approved items are as follows:

1. Springbrook Annual Conference – April 9 – 12, 2012 – Angie Beebe and Kelly McLaughlin attended the Springbrook Annual Conference in Portland Oregon on April 9 – 12, 2012. The sessions attended by Angie focused on financial reporting and analytics, and the Purchase Orders/Accounts Payable process. The sessions attended by Kelly focused on team leadership, financial and billing reporting, and the Purchase Order process.
2. Certificate of Liability Insurance from Verizon Wireless – At the April 5, 2012 Board Meeting the Board requested confirmation of liability insurance from Verizon Wireless. The District has now received the Certificate of Liability Insurance from Cellco Partnership dba Verizon Wireless for General Liability, Automobile Liability and Workers Compensation coverage.
3. Mesa County 33 Road Upgrade Project – Ben Dowd Excavating has completed installation of the new water main and affected water services. The new waterline was placed in service on April 18, 2012. Mesa County's construction contractor is scheduled to begin the road upgrade work the week of May 7, 2012. In areas where the District had previously upgraded the water line (E ½ Road to E ¾ Road), there are six water services and two fire hydrants to be relocated to accommodate new sidewalk construction.
4. Water Conservation Plan – The public comment period has ended with no public comment or concerns received. Calendar Year 2011 water production and use data from the three entities is being collected for placement in the final document to be presented to the Board for consideration and adoption at the June 7, 2012 Regular Board Meeting.
5. Water Festival – The 2012 Children's Water Festival will be held on May 14 and 15 at Colorado Mesa University for the 19th consecutive year. Staff will participate in three separate presentation activities. If Board members would like to attend any of the festivities, please contact Kelly for additional information.

-
6. State of the River Meeting – The Colorado River District’s annual “State of the Rivers” meeting will be held on Wednesday, May 2, 2012 from 6:30 to 8:30 p.m. at the Colorado Mesa University Center Ballroom. An agenda is included in the Board Packet.
 7. Energy Use Audit – Staff continues to work with Johnson Controls, Inc. representatives as they work towards completion of the Preliminary Assessment evaluation report. The final report is scheduled for completion by May 18, 2012. Staff will present the report and recommendations at the June 7, 2012 Regular Board Meeting.
 8. ANB Reception – All Board Members have been invited to a VIP Reception to be hosted by ANB on Friday, May 4, 2012 from 6:30 to 9:30 p.m. at ANB’s main office located downtown. Invitations are included in the Board Packet.

UNFINISHED BUSINESS

Project 2012-01 3rd Street Main Line Upgrade/Replacement – Assistant Manager Reinertsen presented a Staff Report summarizing the Bid Opening Results for project 2012-01 3rd Street Main Line Upgrade/Replacement. Five sealed bids were received by the advertised deadline of April 26, 2012. The Engineer’s Estimate for the project was \$74,556.00. Director Genova moved to approve Staff’s Recommendation to award Project 2012-01 to the low bidder, Ben Dowd Excavating, at a cost not to exceed \$82,580.85. Director Hassler seconded and the motion passed unanimously. The project is expected to commence after Memorial Day.

District Bank Accounts – Manager Tooker presented a Staff Report regarding the centralization of District Bank Accounts to ANB Bank, and a letter from ANB regarding the protection of District funds by the combination of FDIC and the Regulatory requirements of ANB Bank to pledge dedicated securities to the State in excess of the District funds. The Board accepted this letter as the sufficient collateralization information previously requested from ANB.

Financial Reporting and Discrepancies – Manager Tooker reported that a letter was sent to the District’s insurance carrier regarding a possible claim. The 2011 Audit fieldwork will begin on May 7, 2012 and will also include an evaluation by the Auditors of segregated duties and dual controls. Manager Tooker presented a cost estimate from the Value Enhancement Group to provide dual review of the District’s monthly Bank Reconciliations and Financial Reports. Director Peck moved to authorize Staff to negotiate an Agreement for the Scope of Work necessary to review the Bank Reconciliations and Financial Reports on a monthly basis at a cost not to exceed \$500 per month, and to discuss confidentiality issues with them related to the vendor’s provision of similar accounting services to the Clifton Sanitation District. Director Genova seconded and the motion passed unanimously. The Board further discussed the need to obtain the Auditor’s Report at the June 7, 2012 Regular Meeting prior to proceeding with actions related to financial reporting discrepancies.

NEW BUSINESS

Colorado Mesa University Request for Out-of-District Service – Parcel 2967-033-00-927 – Assistant Manager Reinertsen presented a Staff Report, letter from Colorado Mesa University, Mesa County Tax Assessor property record, and three site maps regarding a request from Colorado Mesa University for Out-of-District water service to a 35 acre parcel in the Coffman

Road Whitewater area of Mesa County (2012 Staff Reports, Out-of-District Service Requests). Colorado Mesa University intends to construct a facility for the Electric Lineman School and a facility for the Forensics Anthropology Program. Director Genova moved to approve the request from Colorado Mesa University to have the 35 acre parcel northeast of Coffman Road, also known as Tax Schedule ID 2967-033-00-927 (described as: All that portion of the NW ¼ SW ¼ and all that portion of the SW ¼ SW ¼ both in Section 3 in Township Two South, Range One East of the Ute Meridian in Mesa County, Colorado – 35.0 Acres.) served by the District as an Out-of-District water account. The service shall be contingent upon Colorado Mesa University providing for the required main line extension(s) in accordance with applicable District Policies. Additionally, service shall be provided only to that portion of the parcel that is confirmed as being situated below the 4,800 foot contour line. Director Hassler seconded and the motion passed unanimously.

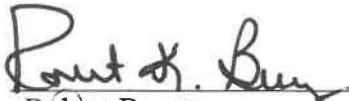
2012 Drought Potential – Manager Tooker provided a copy of the Drought Response Plan, dated April 2003, that was cooperatively developed by the District, Town of Palisade, City of Grand Junction and Ute Water following the 2002 Drought. This Plan includes specific actions to be taken during escalating levels of Drought. Some components of the Plan need to be updated due to operating parameters that have changed since 2003. Staff will work with the other entities to develop proposed amendments and present those to the Board at a future meeting.

Colorado River Roundtable Meetings – Manager Tooker stated that his involvement in the Colorado River Roundtable meetings has declined during the past year as staffing issues have required his attention, but he intends to re-escalate his participation in these important meetings regarding statewide water issues.

ADJOURNMENT

Director Genova moved to adjourn the May 3, 2012 Regular Meeting. Director Norman seconded and the motion passed unanimously. The meeting was adjourned at 7:30 p.m.

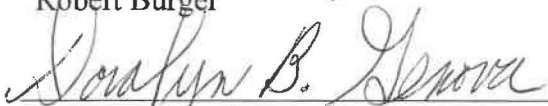
ATTEST:



Robert Burger



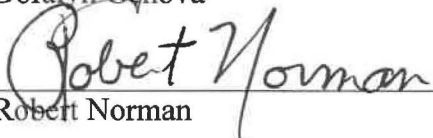
Alan Hassler



Doralyn Genova



Dale Peck



Robert Norman

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, JUNE 7, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Vice-Chairman; Doralyn Genova, Secretary;
Dale Peck, Treasurer; Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin;
Brian Sheley; Angie Beebe

REGULAR MEETING

Vice-Chairman Hassler called to order the June 7, 2012 Regular Meeting at 5:05 p.m. Chairman Burger was excused.

MINUTES OF THE MAY 3, 2012 REGULAR MEETING

Director Genova moved to approve the May 3, 2012 Regular Meeting Minutes (2012 Minutes) as presented. Director Peck seconded and the motion passed.

OATH OF OFFICE FOR DIRECTORS

Assistant Manager Reinertsen reported that he spoke with Special District Association counsel Mary Zuchegno regarding deadlines for Oaths of Office to be administered to new officers. Since Robert Burger is out of town and unavailable to take his Oath at tonight's meeting, the Oath of Office will be administered to him as soon as he returns to town. Vice-Chairman Hassler administered the Oath of Office to Robert E. Norman. Director Norman signed the Oath of Office and it was notarized for the Record.

BOARD REORGANIZATION

Director Genova moved to affirm the designation of Officers and Directors for the Clifton Water District Board of Directors as was adopted at the April 5, 2012 Regular Meeting, as follows:

Chairman	Alan Hassler
Vice Chairman	Dale Peck
Treasurer	Doralyn Genova
Secretary	Robert Norman
Director	Robert Burger

Director Norman seconded and the motion passed.

Board Member Terms are as follows:

Name/Oath of Office Date	May 2012	10/7/2010	5/6/10	9/1/08	6/5/08	6/7/07	3/1/07	5/4/06	4/7/05
Doralyn Genova (2 terms)			Elected 4 yr					Elected 4 yr	Appointed
Robert Burger (2 terms)	Elected 4 yr				Elected 4 yr	Appointed			
Alan Hassler (1 term)			Elected 4 yr	Appointed					
Dale Peck (1 term)			Elected 4 yr						
Robert Norman (1 full term)	Elected 4 yr	Appointed							

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$69,275.43 plus Benefits Checks of \$16,299.36 plus Supplemental Checks of \$3,489.85 for a total of \$89,064.64. Director Norman seconded the motion. Based on Board discussion, Staff will work on the development of more informative Check Register detail, and a method to verify the check numbering sequence between reports. Staff continues to work to reconcile the Ending Reserve discrepancies reported on the Notes to Financial Statements. The motion passed.

- Angie Beebe left the meeting at 5:35 p.m.

MANAGER'S REPORTS

Manager Tooker presented the monthly Manager's Reports for April, 2012. Taps sold year-to-date are 23, compared with 12 through April of 2011. Year-to-date water consumption sales are up 4.0% and plant outflow is up 7.7% over the same period of time in 2011. The amount of fluoride in the District's treated water was discussed. No items were removed from the Pending Items list.

INFORMATIONAL REPORTS

Consumer Confidence (CCR) Mailing – The Board reviewed the Informational Report (2012 Staff Reports) regarding the 2010, 2011 and 2012 costs for mailing the annually required Consumer Confidence Report. This year's Report was included with the customer bills for the first time, and this resulted in the District saving \$3,105.91 in expenses previously associated with the postage for a separate mailing. The Board concurred with Staff's recommendation to utilize this mailing method in 2013.

Unidirectional Hydrant Flushing Program – Manager Tooker presented the Informational Report (2012 Staff Reports) summarizing the findings of the 2012 unidirectional fire hydrant flushing program. Approximately 28.3 miles of the District's Distribution lines were flushed through 308 fire hydrants.

Meter Reading QA/QC Program – Manager Tooker summarized the Informational Report (2012 Staff Reports) regarding the Quality Assurance/Quality Control Program implemented in mid-July, 2011 to verify the accuracy of the District's radio-read meters, and overall meter accuracy within AWWA standards.

EXPRESS AGENDA

Director Genova moved to approve the Express Agenda items as presented. Director Peck seconded and the motion passed.

1. Children's Water Festival – A number of Staff participated in the 2012 Children's Water Festival on May 14 and 15. This is the annual water education festival provided to all valley-wide fifth grade students. Angie, Dave R and Eric from the Office; Bryce, Cameron, Derek, Tino and Tyler O. from Distribution; and Allison, Brian, Kyle and Rachel from the Treatment Plant all participated and assisted in the festival. A copy of the Program is included in the Board Packet. Clifton Water District staff presented two courses that are highlighted in yellow on page 2 of the Program: 1) How Water Gets To Your House; and, 2) From River to Tap.
2. Energy Use Audit – Staff continues to work with Johnson Controls, Inc. representatives as they work towards completion of the Preliminary Assessment evaluation report. The evaluation engineers recently requested additional information regarding energy cost component of the per thousand gallon cost production calculations. Due to this additional information request, the final report is now scheduled for completion by mid June. Staff will present the report and recommendations at the July 5, 2012 Regular Board Meeting.

UNFINISHED BUSINESS

2011 Audit – Manager Tooker reported that the District's auditors, Chadwick, Steinkirchner and Davis LLC have not yet completed the draft of the District's 2011 Audit. The Board will be provided a copy of the Draft for their review prior to the July 5, 2012 Regular Meeting.

Financial Reporting and Discrepancies – Manager Tooker reported that the District's insurance carrier was notified of a possible claim and the carrier responded back that in order to proceed there would need to be additional legal and auditing information provided. The District has secured the services of a Certified Public Accountant to provide additional review of the monthly Bank Reconciliations and Financial Reports. The Board tabled a decision on how to proceed with the legal and insurance issues pending review of the 2011 Audit.

Drought Conditions – Manager Tooker advised the Board that the Drought Response Information Project (DRIP) is issuing a Press Release tomorrow regarding the valley being in Stage 1 Drought. Additional refinement is needed by the member entities, including the District, regarding Stage 2 Drought definitions included in the 2003 Drought Response Plan. The Colorado River is reported to be at the 100 year low at this time.

Regional Water Conservation Plan – Assistant Manager Reinertsen reported that the District received no public comments during the comment period for the Grand Valley Regional Conservation Plan. Manager Tooker stated that an adopted Water Conservation Plan is a requirement to receive State financing for projects. The Board reviewed and discussed the water conservation goals that are included in the Regional Water Conservation Plan.

Director Peck moved to accept the Grand Valley Regional Water Conservation Plan as presented. Director Norman seconded and the motion passed.

NEW BUSINESS

Project 2012-02, I-70 Business Loop New 12" Main Line Construction Project – Assistant Manager Reinertsen requested Board Authorization to initiate the bid process for construction of the I-70 Business Loop New 12" Water Line project. This project is the remaining section to be constructed to complete the multi-year plan to develop a new main line "backbone" from the north storage tanks through the commercial corridor along the I-70 Business Loop and 32 Road. This project was identified and funded in the 2012 Budget as a Capital Construction Project. Director Genova moved to authorize staff to commence the construction bid process for Project 2012-02, installation of a new 12" water line along the I-70 Business Loop in Clifton. Director Peck seconded and the motion passed.

Committee Assignments – It was Board consensus to table this Item until the next Regular Board Meeting in July for discussion with the entire Board.

Personnel Changes – Manager Tooker advised the Board that following the resignation of Water Treatment Plant Supervisor Terry Sykes, District employee Brian Sheley has been named the Interim Water Treatment Plant Supervisor. Sheley has a Class A Operators Certification and is the District's Operator in Responsible Charge. One Water Treatment Plant Operator is on disability leave and the District will attempt to secure a temporary plant operator. The District is also commencing the recruitment of a Customer Service/Billing Specialist since Billing Specialist Beebe has assumed the position of Accounting Technician.

ADJOURNMENT

The June 7, 2012 Regular Meeting meeting was adjourned by consensus at 7:40 p.m.

ATTEST:

Excused

Robert Burger



Doralyn Genova



Robert Norman



Alan Hassler



Dale Peck

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, JULY 5, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Chairman; Dale Peck, Vice-Chairman;
Doralyn Genova, Treasurer; Robert Norman, Secretary;
Robert Burger, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin;
Angie Beebe

REGULAR MEETING

Chairman Hassler called to order the July 5, 2012 Regular Meeting at 5:07 p.m. Two items were added to the original agenda: Informational Reports – River Pump Station Break-In; Energy Use Audit – Johnson Controls, Inc. The 2011 Audit was moved up earlier on the agenda.

MINUTES OF THE JUNE 7, 2012 REGULAR MEETING

Director Genova moved to approve the June 7, 2012 Regular Meeting Minutes as presented. Director Peck seconded and the motion passed. Director Burger abstained as he had not been present at that meeting.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$194,395.88 plus Benefits Checks of \$16,909.30 plus Supplemental Checks of \$4,589.50 for a total of \$215,894.68. Director Norman seconded. Accounting Technician Beebe summarized the implementation of Springbrook software generated reports and data that are now being utilized to prepare Financial Reports. This reporting method is accurate and reproducible, and with the development and understanding of the proper reporting parameters, Beebe has been able to correct data errors in the Financial Reports from January – April of 2012 that occurred during her initial training period. Revised Financial Reports were provided for Board review. The Board also reviewed summary and detail options for the Accounts Payable Check Registers. The motion passed unanimously.

2011 AUDIT

Manager Tooker presented the Draft 2011 Audit and letter from the auditors. The Auditors still need to provide the District with adjusting journal entries based on the Audit, and several corrections to their letter based on additional information they obtained. Regarding the procedural deficiencies identified in the letter from the auditors, Staff presented an example of an endorsed check and summarized the process for endorsing and storing checks, and stated that blank check stock will be retained in the safe, and unused checks from previous accounts will be shredded. It was noted that Budget Transfers made in 2012 are not included in the Draft Audit on Page 26 and will need corrected. The District's Management Discussion and Analysis needs to be finalized. The Audit is due to the Office of the State Auditor before the next Regular Board Meeting. Director Burger moved that the Board has been presented with the preliminary 2011 Audit but there are several items in the Management letter which need to be corrected, therefore, the Board shall postpone approval of the Final 2011 Audit until all documents are prepared and distributed for Board review. Manager Tooker shall conduct a telephone poll of the Board of Directors for final approval. Director Genova seconded and the motion passed unanimously.

- Angie Beebe left the meeting at 6:30 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for the month of May, 2012. One correction was noted in the Plant Inflow number.

INFORMATIONAL REPORTS

32 Road 10" Water Line Break – Assistant Manager Reinertsen presented an Informational Report (7/5/12 File, 2012 Staff Reports) summarizing the June 8, 2012 10" water line break on 32 Road. This break required immediate repairs that totaled \$39,478.28. An email was later received from the Colorado Department of Transportation commending the District's prompt response and action to secure repairs.

Emergency Planning Efforts Concerning Wildfires – Manager Tooker presented a verbal report regarding planning efforts made by the District when the recent Pine Ridge Fire occurred nearby. Due to possible power outages and ash in the Colorado River, generators and equipment were tested, cross-connections with the City of Grand Junction and the Ute Water Conservancy District were tested, and emergency outbound calling abilities were established. All of these efforts were useful to prepare for any number of emergencies.

Water Usage Comparisons – Manager Tooker presented an Informational Report (7/5/12 File, 2012 Staff Reports) comparing 2012 water consumption to 2011 and 2010. The numbers reflect the impact of environmental conditions on customer usage, with June, 2012 consumption up 22% from 2011 and up 8% from 2010.

SDA Webinar Regarding the Financial Responsibilities of District Leadership – The Special District Association (SDA) is offering a free webinar regarding the financial responsibilities of District leadership. Several Board members and staff members will take advantage of this opportunity.

River Pump Station Break-In – Manager Tooker reported that an intruder accessed the River Pump Station last weekend. An alarm was activated and the Water Treatment Plant Operator contacted the Sheriff's Department. Some damages to the building and equipment were incurred when the intruder discharged a fire extinguisher.

EXPRESS AGENDA

Director Burger moved to approve the Express Agenda Items as presented. Director Peck seconded and the motion passed. The approved Express Agenda Items are as follows:

- 1) Board of Directors Oaths of Office – The Oath of Office for Director Robert K. Burger was administered on June 19, 2012. The Oaths of Office for Robert Norman and Robert Burger, and the required reporting forms identifying the Board of Directors, have been provided to the State Department of Local Affairs and the Mesa County Clerk of the Court, as per State Statute.
- 2) Project 2012-01 3rd Street Main Line Upgrade/Replacement – The Contractor, Ben Dowd Excavating has completed installation of the new 6" water main. Individual service line upgrades are now being installed. The project is on schedule to complete within the contract parameter of July 11, 2012.
- 3) Project 2012-02, I-70 Business Loop New 12" Main Line Construction Project – The Bid Advertisement for this project started in the Daily Sentinel on June 29, 2012. The mandatory bid tour is scheduled for July 12, 2012 with the public bid opening occurring at 4:00 pm on July 26, 2012. Staff will provide an evaluation of bids and an award recommendation to the Board at the August 2, 2012 Regular Board Meeting.

UNFINISHED BUSINESS

Committee Assignments – Director Genova moved to approve the 2012 Board Committee assignments as identified in 2011 and itemized on the list provided in the Board Packet. Director Peck seconded and the motion passed unanimously. 2012 Committee assignments are as follows:

Budget Committee	Dale Peck, Robert Norman
Construction	Alan Hassler, Dale Peck
Personnel	Robert Burger, Alan Hassler
Policy & Standards	Robert Burger, Doralyn Genova

2011 Audit – This Agenda Item was concluded earlier in the meeting.

Financial Reporting and Discrepancies – Manager Tooker reviewed his Confidential Memo to the Board regarding the financial reporting and discrepancies that were discovered in early 2012. The Board had postponed a decision on how to proceed pending the 2011 Audit results. Staff was directed to contact the Mesa County Sheriff's office and to provide the appropriate documents to file a criminal theft complaint. Any inquiries from the public should be directed to Manager Tooker.

Drought Conditions – Manager Tooker reported that the Grand Valley water entities have declared Stage 1 Drought conditions and regular meetings among the utility providers continue in order to monitor and discuss water supplies. District staff remain cognizant of diversion rights that may impact our supplies in August and September.

Resolution Adopting Regional Water Conservation Plan – Assistant Manager Reinertsen presented a Resolution (7/5/12 File, Resolutions, Grand Valley Water Conservation Plan File) that formalizes action taken by the Board at the June 7, 2012 Regular Meeting to accept the Grand Valley Regional Water Conservation Plan. The Board signed the Resolution. Resolution Text inserted below:

**RESOLUTION TO ADOPT
THE GRAND VALLEY REGIONAL WATER CONSERVATION PLAN**

WHEREAS the Clifton Water District, the City of Grand Junction, and the Ute Water Conservancy District have maintained a cooperative working relationship over the years as a means of providing a unified voice regarding Grand Valley water needs, issues, and concerns, and;

WHEREAS the District wishes to establish a Regional Water Conservation Plan in conjunction with The City of Grand Junction and the Ute Water Conservancy District to promote water conservation by example, education, and innovation for the purpose of securing the future water needs of the Grand Valley, and;

WHEREAS the District recognizes the efficient use and conservation of water reflects responsible use of a limited and precious resource, and;

WHEREAS the District further recognizes that successful implementation of water conservation measures across the District's customer base can help maintain current production capacities allowing the delay in implementing capital construction projects identified to increase production capacity, and;

WHEREAS the Grand Valley Regional Water Conservation Plan identifies conservation goals as well as measures and programs for reducing water consumption. These goals promote Xeric landscapes, provide education to the public on how to use water wisely, efforts to reduce residential consumption by 10%, and promote water saving awareness in the commercial sectors of the community, and;

WHEREAS the District's efforts in participating in the Grand Valley Regional Water Conservation Plan shall be evaluated periodically and adjusted according to the prevailing conditions as necessary;

NOW THEREFORE BE IT RESOLVED that the Clifton Water District Board of Directors adopt the Grand Valley Regional Water Conservation Plan effective July 5, 2012.

Energy Use Audit – Johnson Controls, Inc. – Assistant Manager Reinertsen presented a letter from Johnson Controls, Inc. (7/5/12 File, 2012 Correspondence) regarding their findings of the Energy Use Audit conducted this year. Although some potential cost savings were identified, Johnson Controls, Inc. (JCI) stated that since the District is already doing a number of energy efficiency actions, has energy use improvements identified in future capital construction projects, and other savings would be dependent upon future Xcel Energy rates and programs, JCI did not believe entering into an Energy Performance Contracting agreement with the District would be appropriate at this time.

NEW BUSINESS

NSF Returned Payment Item Charges – Policy #420 – Manager Tooker presented a Staff Report (7/5/12 File, 2012 Staff Reports) advising the Board that the District will begin to be charged a fee by ANB Bank for all Returned Payments. District Policy allows the District to assess a fee to customers for returned payments but does not currently include a specific amount. A proposed revision to Policy #420 was provided to the Board to add a Returned Payment Item Fee of \$20.00 for each returned item. This amount offsets the charge to the District from ANB Bank and the staff time associated with processing returned payments. Director Peck moved to adopt District Policy #420 Section 12.16 and 12.16.1 as follows:

12.16 Returned Payment Item Fee. A Returned Payment Item Fee will be added to the customer account for each payment transmitted to the District's financial institution that is returned to the District as a Returned Payment.

12.16.1 The Returned Payment Item Fee is \$20.00 on each returned item.

This shall be effective August 1, 2012. Director Genova seconded and the motion passed unanimously. Signage shall be posted in the District lobby and drive-up window, and the District's bills will be amended to include this fee amount.

Director Burger requested that Staff obtain and provide the Board with an earnings analysis for the District's accounts at ANB Bank.

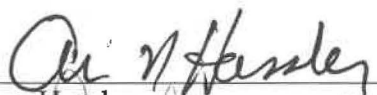
Highway 50 Directional Bore Project – Assistant Manager Reinertsen presented a Staff Report (7/5/12 File, 2012 Staff Reports) summarizing the historical timeline of the Highway 50 Bore and Waterline Project. He also presented a letter from ERO Resources Corp. (7/5/12 File, Highway 50 Directional Bore Project File) summarizing the NEPA Process pertaining to federal review and public

comment periods associated with permitting for the portion of the waterline crossing Bureau of Land Management (BLM) property. The District's previous BLM permit has expired. Replacement of the 10" waterline under Highway 50 is an essential component in the District's water system improvements, and is the sole waterline serving the Mesa County and Colorado Mesa University properties south and west of Highway 50. The Board concurred with Staff recommendations to proceed with the ERO Resources Corp. proposal to initiate the NEPA notification process.


ADJOURNMENT

Director Genova moved to adjourn the July 5, 2012 Regular Meeting. Director Burger seconded and the motion passed unanimously. The meeting was adjourned at 8:30 p.m.

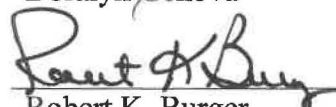
ATTEST:



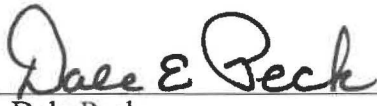
Alan Hassler



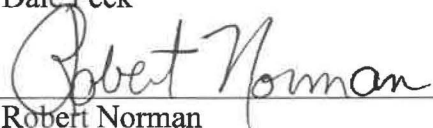
Doralyn Genova



Robert K. Burger



Dale Peck



Robert Norman

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, AUGUST 2, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Chairman; Dale Peck, Vice-Chairman;
Doralyn Genova, Treasurer; Robert Norman, Secretary;
Robert Burger, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Brian
Sheley; Angie Beebe

REGULAR MEETING

Chairperson Hassler called the August 2, 2012 Regular Meeting to order at 5:09 p.m. One item was added to the Agenda under Informational Reports – 2012 DRIP Activities

MINUTES OF THE JULY 5, 2012 REGULAR MEETING

Director Genova moved to approve the July 5, 2012 Regular Meeting Minutes as presented. Director Peck seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$151,501.81 plus Benefits Checks of \$16,549.77 plus Supplemental Checks of \$7,013.72 for a total of \$ 175,065.30. Director Burger seconded the motion. Accounting Technician Beebe provided the Board with a corrected Wire Transfer Report that includes the wire transfer to the Clifton Sanitation District. She also noted a correction to the Bank Charges Report regarding Credit Card Fees. The motion passed unanimously.

- Angie Beebe left the meeting at 5:25 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for June. The District has sold 36 Taps through June compared to 19 for the same time period in 2011. Water Sales continue to be above 2010 and 2011. Influent water quality has been degraded due to reduced flows in the Colorado River. No other items had significant discussion.

INFORMATIONAL REPORTS

District Website Development – Manager Tooker presented an Informational Report (8/2/12 File, 2012 Informational Reports) regarding the current project to develop a new District website. An updated District logo design that was developed to establish the color palette of the website was provided.

ANB Bank Account Analysis – Manager Tooker presented an Informational Report (8/2/12 File, 2012 Informational Reports) itemizing the charges assessed and waived for services provided by ANB. Continuing efforts will be made to identify any areas the District can reduce banking costs.

Evaluation of Colorado Water and Power Resources Development Authority Bond Refinancing – Manager Tooker presented a Memo (8/2/12 File) from financial consultant Joe Drew analyzing cost savings that could be anticipated if the District refinances the 2003 Bond Issue. Additional evaluation is necessary before the District could proceed.

July 2012 Colorado Drought Update – The July 2012 Drought Update prepared by the Colorado Department of Natural Resources was provided for Board review. Recent rains have alleviated some concerns with extreme drought conditions.

2012 DRIP Activities - Assistant Manager Reinertsen presented an Informational Report (8/2/12 File, 2012 Informational Reports) regarding public information efforts and activities conducted in 2012 by the Drought Response Information Project (DRIP), of which the District is a member of.

Water Quality Event Resulting from the Pine Ridge Fire – Manager Tooker presented an Informational Report (8/2/12 File, 2012 Informational Reports) summarizing the July 8, 2012 water quality event that occurred as a result of flash flooding following the nearby Pine Ridge Fire. Environmental conditions, customer demand, a compromised treatment facility and reduced staffing levels significantly reduced the District's treatment plant capability. The District obtained water from the Ute Water Conservancy District for a period of time while conditions improved. This event has illuminated the need to address the District's staffing levels and facilities in order to maintain efficient water treatment operations.

EXPRESS AGENDA

The Express Agenda was accepted by consensus. The approved Express Agenda items are as follows:

- 1) SDA Annual Conference September 19 -21 at Keystone – Registration is now open for the 2012 SDA Annual Conference at the Beaver Run Resort at Keystone. Please let Kelly know by August 24 if you would like to attend so we can make lodging and conference reservations.
- 2) SDA Webinar Regarding Financial Responsibilities of District Leadership – On July 11, 2012 District Board members Robert Burger, Robert Norman and Alan Hassler, and staff members Dale Tooker, David Reinertsen, Kelly McLaughlin and Angie Beebe watched the Special District Association (SDA) webinar “The Financial Responsibilities of District

Leadership” on July 11. Slides summarizing the presentation were emailed to all Board members after the webinar was completed.

UNFINISHED BUSINESS

Approval of the 2011 Audit by Telephone Poll – Director Genova moved to ratify the July 27, 2012 phone poll of the Board of Directors to approve the FY 2011 Audit. Director Burger seconded and the motion passed unanimously. The FY 2011 Audit was emailed to the State Auditor’s Office on July 27, 2012.

Project 2012-01 3rd Street Main Line Upgrade/Replacement – Final Advertising – Assistant Manager Reinertsen reported that Project 2012-01 3rd Street Main Line Upgrade/Replacement is complete. Advertisement for Final Settlement must occur prior to the retainage being released to the contractor. Director Genova moved to authorize advertisement for Final Settlement of Project 2012-01. Director Burger seconded and the motion passed unanimously.

Project 2012-02, I-70 Business Loop New 12” Main Line Construction Project – Bid Award – Assistant Manager Reinersten presented a Staff Report (8/2/12 File, 2012 Staff Reports, Project 2012-02 File) summarizing the two bids received for Project 2012-02, I-70 Business Loop New 12” Main Line Construction Project. The design engineer for the project completed an additional review of the bid specifications since both bids were less than the engineer’s estimate. Director Peck moved to accept the bid and award the construction contract for Project 2012-02 I-70 Business Loop New 12” Main Line Construction Project to Polaris Drilling Inc. in the amount of \$349,700 and authorize Manager Tooker to sign the documents. Director Genova seconded and the motion passed unanimously.

NEW BUSINESS

Budget Transfer Request – from Contingency to Water Treatment Plant Equipment Repair and Maintenance – Manager Tooker presented a Staff Report (8/2/12 File, 2012 Staff Reports) summarizing Water Treatment Plant maintenance items that have been completed to address emergency items and some previously deferred items. A Budget Transfer is required to fund these items. Director Burger moved to authorize a Budget Transfer from Contingency to Water Treatment Plant Equipment Repair and Maintenance in the amount of \$30,000. Director Genova seconded and the motion passed unanimously.

Budget Transfer Request – from Contingency to Water Treatment Plant Facilities Repair and Maintenance – Assistant Manager Reinertsen summarized a Staff Report (8/2/12 File, 2012 Staff Reports) and need to complete repairs to the trash screen and intake slide gate at the Colorado River Intake Structure while water flows are low. A Budget Transfer is required to fund these repairs. Director Burger moved to authorize a Budget Transfer from Contingency to Water Treatment Plant Facilities Repair and Maintenance in the amount of \$15,000. Director Genova seconded and the motion passed unanimously.


Designate Person to Prepare 2013 Budget – Director Genova moved to designate District Manager Dale Tooker as the person to prepare the FY 2013 Budget. Director Burger seconded and the motion passed unanimously.

Multiple Unit Plant Investment Fee Arrangement Request – George Schorn (649 33 Road) – Assistant Manager Reinertsen presented a Staff Report (8/2/12 File, 2012 Staff Reports, Customer File) and request from customer George Schorn for the District to enter into a payment arrangement for receipt of \$3,500 owed for a Multiple Unit Plant Investment Fee. The Board reviewed the request and a summary of previous similar requests that were either approved or denied. Director Genova moved to deny the request from George Schorn, 649 33 Road, for a multiple unit plant investment fee payment arrangement. Director Norman seconded and the motion passed unanimously.

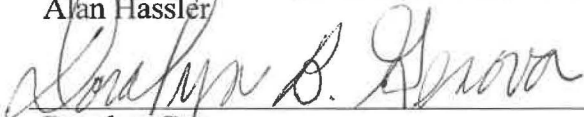
ADJOURNMENT

Director Burger moved to adjourn the August 2, 2012 Regular Meeting. Director Genova seconded and the motion passed unanimously. The meeting was adjourned at 7:30 p.m.

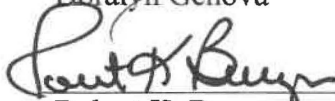
ATTEST:



Alan Hassler



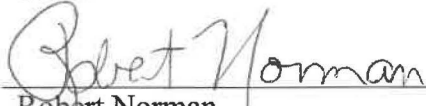
Doralyn Genova



Robert K. Burger



Dale Peck



Robert Norman

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, OCTOBER 4, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Chairman; Dale Peck, Vice-Chairman;
Doralyn Genova, Treasurer; Robert Norman, Secretary;
Robert Burger, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Brian
Sheley; Angie Beebe

REGULAR MEETING

Chairman Hassler called the October 4, 2012 Regular Meeting to order at 5:05 p.m. No changes were noted to the Agenda.

MINUTES OF THE SEPTEMBER 6, 2012 REGULAR MEETING

Director Genova moved to approve the September 6, 2012 Regular Meeting Minutes with the addition of text in the section regarding the 2011 Audit to note that the auditor provided an unqualified opinion. Director Burger seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$125,512.87 plus Benefits Checks of \$16,013.22 plus Supplemental Checks of \$5,987.43 for a total of \$147,513.52 with the exception of Check #30293 to Jamie Richardson scheduled for action under New Business. Director Burger seconded the motion. It was noted that the Profit and Loss Statement has been updated to include all Budget Transfers that were approved through August. A positive cash flow was also noted. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker summarized tap purchases, water sales, water production, water quality, and overtime hours in the Manager's Report. Staff members participating in DRIP projects were noted. No changes were made to the Pending Items list.

INFORMATIONAL REPORTS

Single Family Residential Customer Consumption Trends – Manager Tooker summarized the Informational Report showing the number of single family customers in each consumption range

for 2010 – 2012. The consumption above 18,000 gallons, the highest rate tier, has not decreased. The conclusion is that the current rate structure has not reduced usage. This information will be utilized as Water Rates are developed for 2013.

EXPRESS AGENDA

Director Burger moved to accept the Express Agenda items as presented. Director Genova seconded and the motion passed unanimously. The approved items are as follows:

- 1) Colorado River Intake Structure Maintenance Status – The replacement trash grate and slide gate have been fabricated and are ready for installation. Installation was delayed due to river water level rises resulting from additional reservoir releases upstream. River levels appear to have stabilized and Sorter Construction is planning on installation activities the week of October 8. All maintenance work is now scheduled to be completed prior to the week of October 22nd.
- 2) Project 2012-02, I-70 Business Loop New 12” Main Line Construction – The project pre-construction meeting is scheduled for Monday, October 1, 2012 with construction work to start on Tuesday, October 2nd. The Contractor, Polaris Drilling Inc., has proposed some changes to the construction sequencing identified in the design that should further minimize disruptions to the businesses located adjacent the construction zone. Contractor schedule indicates project completion by October 30th.
- 3) DRIP Participation – 2012 Grand Junction Airshow – Five District staff members (and three spousal units) helped run the DRIP water booth at the airshow. DRIP provided free drinking water to airshow attendees. The DRIP received many compliments regarding the water booth and service provided.
- 4) Regional Water Conservation Plan Approval – The District has received the Final Approval letter from the Colorado Water Conservation Board for the Grand Valley Regional Water Conservation Plan. A copy of the letter is included in the Board Packet.
- 5) Colorado River Cooperative Agreement – Dale Tooker and Kelly McLaughlin attended the Colorado River District meeting held at Ute Water on September 26. The Colorado River Cooperative Agreement (CRCA) was discussed along with the Green Mountain Reservoir Administrative Protocol. The River District plans to request the parties to sign the CRCA in October. A copy will be provided to the Board once it is available. Staff continues to recommend that the District not sign the CRCA due to potential injury to the District.

UNFINISHED BUSINESS

SDA Annual Conference – September 19 – 21, 2012 – Director Peck reported that there were a number of good speakers and classes he attended at the SDA Annual Conference. Assistant Manager Reinertsen discussed a presentation he attended regarding water rights issues on the eastern plains affecting a large irrigation district. Director Hassler provided copies of handouts he received at the Conference. He also reported that there is a 7 – 10% increase in 2013 premiums projected for the Property and Liability Pool. Workers Compensation could have larger increases.

2013 Budget – Manager Tooker reported that the Budget Committee met on September 28, 2012 to review the 2013 Draft Budget and develop Water Rate recommendations. The Personnel Committee will need to schedule a meeting to discuss 2013 Labor Costs. The 2013 Draft Budget and Budget Explanation were distributed and discussed. Items with increased costs were reviewed. The Budget as drafted does not result in sufficient operating income to achieve the District’s bond covenants, and no depreciation is included in the Budget.

- Accounting Technician Beebe left the meeting at 6:55 p.m.

Manager Tooker distributed Cost of Service allocation tables for Board review. The calculations are developed utilizing the 2013 Draft Budget to determine the appropriate Base and Consumption rate structures needed to cover water service. Three Water Rate scenarios recommended by the Budget Committee were presented to the Board. Additional options were discussed and will be provided to the Board for consideration at the November Regular Meeting.

MF/UF Project – Manager Tooker reported that Burns and McDonnell Engineering have developed a revised cost estimated based on the Board’s request for design of a reduced capacity facility than previously proposed. In order to proceed with the project, design and financing would need to be completed in 2013 for possible construction in 2014. More information will be provided at the November Regular Meeting.

NEW BUSINESS

Water Quality Violation Public Notice – Following the Pine Ridge Fire flash flooding in July, the District experienced periods of time from July 6 through July 14 when chlorine disinfectant residuals dropped below 0.2 mg/L. Additional bacteriological monitoring was implemented during that time and did not indicate the presence of bacteria in the water. The District notified the State of this issue in July. State regulations considered this to be a Tier II violation and the State notified the District in mid-September that a Public Notice was required to be mailed to every customer. A copy of the Notice was provided for Board review, and will be included in all customer mailings through the month of October.

Refund to Account #5131 – Richardson – Regarding Incorrect Billing – Assistant Manager Reinertsen presented a Staff Report regarding the overbilling of Account #5131, a duplex at 485 Tracy Street, from November, 2008 through June of 2012. The duplex had been incorrectly billed as a 4-unit property. Recalculation of the amount that should have been billed resulted in the need to refund the customer \$786.10 for water and \$2,026.80 for sewer. Clifton Sanitation District has been advised of this issue and concur with the need to refund the customer. The total refund, less the customer’s current account balance, results in a refund check of \$2,504.15. A release of any further claims will need to be signed by the customer. Director Genova moved to authorize release of Check #30293 to Jamie Richardson/Bantam Rooster Holdings LLC in the amount of \$2,504.15. Director Burger seconded and the motion passed unanimously.

Project 2012-03 16 inch North Tank Waterline – Assistant Manager Reinertsen described the project to install a 16 inch line to the North Tank. Design will be completed by the end of

October. The scope of the project will require a formal Bid Advertisement, with anticipated Bid Award in January of 2013. Director Peck moved to authorize staff to proceed with the Bid Package and advertisement for Project 2012-03 16 inch North Tank Waterline. Director Genova seconded and the motion passed unanimously.

Manager's Evaluation – Director Hassler circulated an evaluation form to all Board members as initial preparation for District Manager Tooker's annual evaluation.

EXECUTIVE SESSION

Water Acquisition Plan – Director Hassler announced that the Board should go into Executive Session to discuss the District's Water Acquisition Plan. Director Norman moved to go into Executive Session to discuss the Water Acquisition Plan, as per C.R.S. 24-6-402(4)(a) concerning the purchase, acquisition, lease, transfer or sale of any property interest, with the following persons present: Director Hassler, Director Genova, Director Burger, Director Peck, Director Norman, Manager Tooker, Assistant Manager Reinertsen, Administrative Coordinator McLaughlin, and Interim Water Treatment Plant Supervisor Sheley. Director Genova seconded and the motion passed unanimously. The Executive Session commenced at 8:34 p.m.

The Board came out of Executive Session at 9:10 p.m. Director Hassler stated that all persons identified as attendees at the Executive Session remained.

Director Peck moved to table further discussion of the Water Acquisition Plan until the November Regular Meeting. Director Burger seconded and the motion passed unanimously.

ADJOURNMENT

Director Burger moved to adjourn the meeting. Director Genova seconded and the motion passed unanimously. The October 4, 2012 Regular Meeting was adjourned at 9:12 p.m.

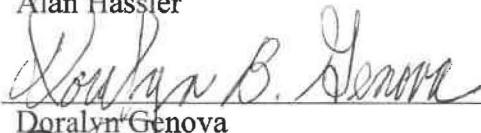
ATTEST:



Alan Hassler



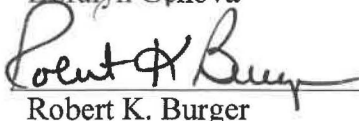
Dale Peck



Doralyn Genova



Robert Norman



Robert K. Burger

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, SEPTEMBER 6, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Chairman; Dale Peck, Vice-Chairman;
Doralyn Genova, Treasurer; Robert Norman, Secretary;
Robert Burger, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Brian
Sheley; Angie Beebe

GUESTS PRESENT: Mike Nelson of Chadwick, Steinkirchner, Davis and Co., P.C.

REGULAR MEETING

Chairman Hassler called the September 6, 2012 Regular Meeting to order at 5:08 p.m. Review of the 2011 Audit scheduled under Unfinished Business was moved to the start of the meeting.

2011 AUDIT

Mike Nelson of Chadwick, Steinkirchner, Davis and Co., P.C. was present to review the District's FY2011 Audit prepared by his firm. The auditor's findings and recommendations were summarized and an unqualified opinion was rendered. Manager Tooker noted that the auditor's procedural recommendations have been addressed. Financial Statements and Schedules were reviewed. The appropriation of funds and the use of the Contingency Fund were discussed.

- Mike Nelson left the meeting at 5:40 p.m.

MINUTES OF THE AUGUST 2, 2012 REGULAR MEETING

Director Peck moved to approve the August 2, 2012 Regular Meeting Minutes as submitted. Director Genova seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$125,890.58 plus Benefits Checks of \$15,841.53 plus Supplemental Checks of \$4,839.32 for a total of \$146,571.43, with the exception of Check #30157 to Chadwick, Steinkirchner, Davis and Co., P.C. scheduled for action under New Business and Check #30153 to Ben Dowd Excavating scheduled for action under Unfinished Business. Director Norman seconded. There was discussion regarding Capital Investment funds, payment trends and bank charges. Manager Tooker reported that the utilization of the Money Market account will

increase interest income and a reduction in the number of wire transfers per month will reduce bank expenses. The motion passed unanimously.

- Angie Beebe left the meeting at 6:05 p.m.

MANAGER'S REPORTS

Manager Tooker reported that 2012 water sales through July are up 11.7% from 2010. Influent water quality was poor in July due to multiple rain/runoff events and the low Colorado River flows. . The credit card report included a new computer for the Treatment Plant SCADA system and staff lodging for an AWWA conference.

INFORMATIONAL REPORTS

Main Office Emergency Power Generator Status – Assistant Manager Reinertsen provided an Informational Report (9/6/12 File, 2012 Staff Reports) regarding the installation and testing of a diesel generator for the District Office building. Weekly operating tests will be conducted. An Annual full load test will be conducted as recommended by the contractor.

Customer Payment Method Trends – An Informational Report (9/6/12 File, 2012 Staff Reports) regarding the increasing use of automated payment methods utilized by customers was previously discussed during the Financial Reports.

River District Report Regarding Woford Mountain Reservoir Operations 2012-2015 – Manager Tooker presented a letter from the Colorado River District (9/6/12 File) regarding operational issues at Woford Mountain Reservoir that could impact Colorado River flows and potentially degrade the District's water supply. Updates will continue to be provided as they become available.

EXPRESS AGENDA

Director Burger moved to accept the Express Agenda items as present. Director Genova seconded and the motion passed unanimously. The approved Express Agenda items are as follows:

- 1) SDA Annual Conference September 19 -21 at Keystone – Alan Hassler and Dale Peck are registered to attend the SDA Annual Conference. Included in the Board Packet are the SDA Official Business Meeting Agenda, 2011 SDA Annual Business Meeting Minutes, and Proxy.
- 2) Colorado River District 2012 Annual Water Seminar September 13, 2012 – The 2012 Annual Water Seminar presented by the Colorado River District is scheduled for September 13, 2012 from 9 am to 3:30 pm at the Two Rivers Convention Center in Grand Junction. The meeting agenda is included in the Board Packet.

-
- 3) Multiple Unit Investment Fee Arrangement Request (George Schorn 649 33 Road) – Mr. Schorn was notified of the Board’s decision regarding his request for a payment arrangement for his tap fees. He has since paid the tap fees owed in full and his account is current.
 - 4) Project 2012-02, I-70 Business Loop New 12” Main Line Construction Project – The Construction Agreement was signed on August 16, 2012 between the District and Polaris Drilling, Inc. the Notice to Proceed was issued on August 17, 2012. Polaris Drilling Inc has begun the submittal approval process with construction slated to start the either the week of September 17th or September 24th depending on delivery receipt of the fusible pipe from the supplier, Underground Solutions Inc.
 - 5) Colorado River Intake Structure Maintenance Status – The replacement trash grate has been ordered and required modifications are underway. The grate will be ready for pickup from the fabricator the week of September 3rd. The replacement slide gate has been ordered and is scheduled for delivery the week of September 10th. Sorter Construction has been scheduled to install these replacement components either the week of September 17th or 24th depending on District staff availability. All maintenance work will be completed before the end of September.
 - 6) Colorado Special Districts Property and Liability Pool Annual Report – Included in the Board Packet is information from the Colorado Special Districts Property and Liability Pool 2011 Annual Report. No action is needed from the Board.

UNFINISHED BUSINESS

2013 Draft Budget – Manager Tooker reported that the Budget Committee met on August 28, 2012 to review the first Draft of the District’s FY 2013 Budget. It was noted that 2012 budgeted funds for construction line upgrades are underspent through July. Staff reported that one project was just concluded and another bid was just awarded, therefore, expenditures in this line item will increase by the end of the year. Manager Tooker reported that some projects budgeted for in 2012 have not moved forward. He added that Non-Operational Budget Items are funded through Plant Investment Fees and are not calculated in the Cost of Service Analysis and rate structure.

MF/UF Project – Manager Tooker stated that one project budgeted for in 2012 that has not progressed is design of the MF/UF Project at the Water Treatment Plant. Board members stated concern with the last cost estimate received from the engineer of nearly \$20 million dollars for a 16 mgd project. Discussion ensued regarding the need to replace the current sand filtration system. The Budget Committee will include funding in the FY 2013 Budget for design of a smaller, 10 mgd project. Staff will work with the engineers on revised cost estimates.

Water Acquisition Plan – Manager Tooker provided the Board with information regarding the District’s existing Water Rights. The Board requested that discussion of a Water Acquisition Plan be scheduled for an Executive Session on the October 6, 2012 Regular Meeting Agenda.

Planning Report and Major Capital Improvement Plan (MCIP) – Manager Tooker reported that Staff continue to work on project planning in development of the FY 2013 Budget. More information will be provided to the Board at the October 6, 2012 Regular Meeting.

Project 2012-01 3rd Street Main Line Upgrade/Replacement – Assistant Manager Reinertsen reported that Final Advertisement has completed for Project 2012-01 3rd Street Main Line Upgrade/Replacement. No inquiries were received. Director Genova moved to approve Final Payment of the retainage to Ben Dowd Excavating for Project 2012-01 in the amount of \$4,129.31, and to release check #30153 for this amount. Director Peck seconded and the motion passed unanimously.

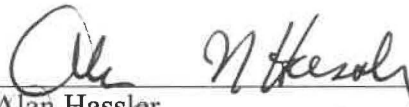
NEW BUSINESS

Budget Transfer Request – From Contingency to Audit Expense – Manager Tooker presented a Staff Report (9/6/12 File, 2012 Staff Reports) summarizing the final costs of \$11,100.00 for completion of the FY 2011 Audit and additional services requested. The FY 2012 Budget had included a total of \$4,900 for the Audit, therefore, additional funds are needed for this expenditure. Director Norman moved to authorize a Budget Transfer from Contingency to Audit - Genl and Admin in the amount of \$3,050, from Contingency to Audit – Distribution and Transmission in the amount of \$1,575 and from Contingency to Audit – Water Treatment in the amount of \$1,575 for a total transfer of \$6,200. Director Genova seconded and the motion passed unanimously. Director Norman moved to approve the payment to Chadwick, Steinkirchner, Davis and Co., P.C. for preparation of the District's FY2011 Audit, and the additional services requested related to internal controls, in the total amount of \$11,100, and to release check #30157 for this amount. Director Genova seconded and the motion passed unanimously.

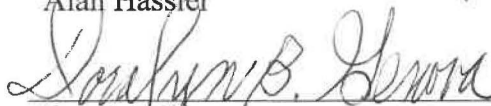
ADJOURNMENT

Director Burger moved to adjourn the meeting. Director Genova seconded and the motion passed unanimously. The September 6, 2012 Regular Meeting was adjourned at 7:45 p.m.

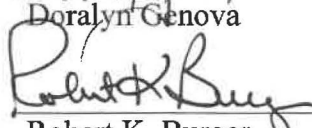
ATTEST:



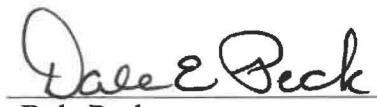
Alan Hassler



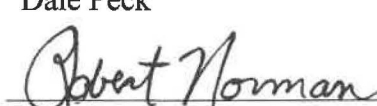
Doralyn Genova



Robert K. Burger



Dale Peck



Robert Norman

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, NOVEMBER 1, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Chairman; Dale Peck, Vice-Chairman; Doralyn Genova, Treasurer; Robert Norman, Secretary; Robert Burger, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Brian Sheley; Angie Beebe

REGULAR MEETING

Vice-Chairman Peck called the Regular Meeting to order at 5:08 p.m. It was noted that Chairman Hassler would be arriving to the meeting late.

MINUTES OF THE OCTOBER 4, 2012 REGULAR MEETING

Director Genova moved to approve the Minutes of the October 4, 2012 Regular Meeting (*2012 Minutes*) as submitted. Director Burger seconded and the motion passed.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$225,146.91 plus Benefits Checks of \$17,198.76 plus Supplemental Checks of \$30,486.62 for a total of \$272,832.29. Director Burger seconded the motion. Manager Tooker provided a report from the District's third party accountant regarding some minor discrepancies in the reconciliation of monthly reports that were resolved by Accounting Technician Beebe. It was noted that the Construction Line Upgrades year-to-date budget is underutilized, however, several large project expenditures are occurring at the end of the year. The motion passed.

MANAGER'S REPORTS

Manager Tooker presented the monthly Manager's Reports (*11/1/12 File*) for the period ending in September. Tap sales are up 44% from 2011, and water sales are 7.6% above 2011. Influent water quality has been lower due to reduced river flows.

INFORMATIONAL REPORTS

Obsolete Check Stock and Deposit Slip Destruction Manager Tooker provided an Informational Report (2012 Informational Reports) regarding the destruction of obsolete and deposit slips by a third party document destruction company, and witnessed by two District staff members.

EXPRESS AGENDA

Director Burger moved to approve the Express Agenda items as presented. Director Genova seconded and the motion passed. The approved Express Agenda items are as follows:

- 1) Colorado River Intake Structure Maintenance – Sorter Construction completed installation of the new trash grate and new slide gate to the Colorado River Intake Structure on October 12.
- 2) Project 2012-03 16 inch North Tank Waterline – Bid advertising is scheduled for three separate dates in November with the mandatory pre-bid tour scheduled for December 5, 2012. The public Bid Opening will be held at 4:00 pm on Thursday, December 20, 2012. The Construction Award recommendation will be presented to the Board at the January 4, 2013 Regular Meeting.

UNFINISHED BUSINESS

Project 2012-02, I-70 Business Loop New 12” Main Line Construction – Assistant Manager Reinertsen reported that this project is due to be completed November 5. He requested authorization to begin advertisement for Final Payment so funds can be expended before the end of the year. Director Genova moved to authorize advertisement for Final Payment for Project 2012-02, I-70 Business Loop New 12” Main Line Construction. Director Burger seconded and the motion passed.

MF/UF Project Engineering Services – Manager Tooker distributed a Staff Report (2012 Staff Reports, CWD Project 2008-02 File) summarizing the Scope of Services proposal for 10% Design of the MF/UF Membrane Facility by Burns & McDonnell Engineering. The Scope of Services includes additional alternatives not included in the previous design proposal. Funds were included in the 2012 Budget for this project. Director Genova moved to authorize an amendment to the October 23, 2008 contract with Burns & McDonnell Engineering to achieve a 10% design level and decision making options for the MF/UF Project, at a cost not to exceed \$86,620 with a deliverable date of January 10, 2013. Director Norman seconded and the motion passed.

- Chairman Hassler arrived to the meeting at 5:45 p.m.

Set Date for 2013 Budget Hearing – Director Genova moved to set the Public Hearing for the 2013 Budget for 5:00 p.m. on Thursday, December 6, 2012. Director Burger seconded and the motion passed unanimously.

2013 Budget - Water Rate Scenarios – An Informational Report (2012 Staff Reports) was provided to the Board identifying the Budget Committee's recommendations regarding Water Rates for 2013, as the result of the Budget Committee's October 22, 2012 meeting. In addition to a Base Rate and Tiered Rates based on consumption, the Budget Committee proposes the implementation of a \$2.50/month per unit fee to be used solely for facility and line replacements and upgrades. In addition, the Budget Committee recommends that Commercial accounts pay the same rate as Residential accounts which includes three consumption Tiers. Sample annual cost increases for high usage Commercial accounts, and for School accounts, were provided for review. The Budget Committee proposed that Schools should continue to pay the existing Commercial rate structure, which does not charge the Tier 3 rate for usage above 18,000 gallons. Projected Revenue associated with the proposed Water Rates was provided for Board review.

Director Burger moved to increase the Base Rate for consumption between 0 and 3,000 gallons per month from \$14.50 per month to \$17.50 per month, effective with the Billing beginning on January 1, 2013. Director Genova seconded and the motion passed unanimously.

Director Norman moved to increase the monthly Tier 1 Water Rate for consumption between 3,001 gallons and 10,000 gallons from \$2.25 to \$2.50 per 1,000 gallons; to increase the monthly Tier 2 Water Rate for consumption between 10,001 gallons and 18,000 gallons from \$2.60 to \$3.35 per 1,000 gallons; and to increase the monthly Tier 3 Water Rate for consumption above 18,001 gallons per month from \$3.50 to \$4.50 per 1,000 gallons effective with Billing beginning on January 1, 2013. Director Genova seconded and the motion passed unanimously.

Director Genova moved to establish a unified Water Rate Structure for all account types, effective with the Billing beginning on January 1, 2013. Director Norman seconded and the motion passed unanimously. It was reiterated that no account type, including Schools, will be charged a different Water Rate Structure than other accounts.

Director Genova moved to establish a \$2.50 per month per unit System Investment Fee, effective with the Billing beginning on January 1, 2013. Director Peck seconded and the motion passed unanimously.

Director Genova moved that the System Investment Fee would be used for facility and waterline non-operational expenses, effective January 1, 2013. Director Norman seconded and the motion passed unanimously.

2013 Budget – The Board reviewed Non-operational Expenses included in the Draft 2013 Budget. Two major capital projects are included in the Budget for 2013. Staff will evaluate utilizing lease agreements for large equipment versus purchase.

2013 Budget - Labor Costs – Manager Tooker presented a Memorandum outlining staffing changes, wages and employee benefits discussed with the Personnel Committee on October 30, 2012. Director Hassler stated that the Personnel Committee is supportive of the proposed wage increases but feel that additional work is needed on an overall salary plan. Director Hassler

moved to send to the Personnel Committee the undertaking in 2013 of a study of overall wages and benefits. Director Norman seconded and the motion passed unanimously. Manager Tooker noted that for the first time in a number of years, health insurance premiums are reduced in 2013. Discussion ensued regarding the under-utilization of the Health Reimbursement Arrangement, and the need for the Personnel Committee to also evaluate options for use of the cost savings associated with the under-utilization.

- Angie Beebe left the meeting at 7:55 p.m.

NEW BUSINESS

Holiday Turkey or Ham – Director Burger moved to continue the District’s annual tradition to provide each employee and Board Member with their choice of either a Turkey or a Ham for Thanksgiving or Christmas. Director Genova seconded and the motion passed unanimously.

Audit Engagement Letter – Director Norman moved to approve the Audit Engagement Letter (2012 Audit) with Chadwick, Steinkircher, Davis and Co, P.C. for preparation of the District’s 2012 Audit at a cost not to exceed \$9,100. Director Burger seconded and the motion passed. Director Genova declared a conflict of interest and abstained.

Distribution Line Replacement Project (LRP) 2013-2020 – Manager Tooker provided the Board with a copy of the Distribution Line Replacement Project (LRP) for the prioritization of distribution line replacements that are projected to be completed from 2013 – 2020 and funded as an operational expense.

Major Capital Improvement Plan (MCIP) 2013-2020 – Manager Tooker reported that Staff has also drafted a Major Capital Improvement Plan for the years 2013-2020. The Plan will be presented to the Board at the December 6, 2012 Regular Meeting.

- Brian Sheley left the meeting at 8:50 p.m.

EXECUTIVE SESSION

Chairman Hassler announced that the next agenda items, Legal Matters, Manager’s Evaluation, and Water Acquisition Plan, should be conducted as an Executive Session.

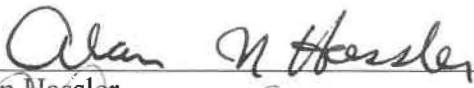
Director Genova moved to go into Executive Session as per C.R.S. 24-6-402(4)(c)Matters required to be kept confidential and C.R.S. 24-6-402 (4) (f) Personnel matters. Director Norman seconded and the motion passed unanimously. The Board went into Executive Session at 8:56 p.m. with the following persons present: Directors Hassler, Peck, Genova, Norman and Peck; Manager Tooker, Assistant Manager Reinertsen, and Administrative Coordinator McLaughlin.

At 9:03 p.m. the Board exited the Executive Session. Chairman Hassler announced that no decisions were made during the Executive Session and all persons identified at the beginning of the Executive Session remained at the conclusion.


ADJOURNMENT

Director Genova moved to adjourn the November 1, 2012 Regular Meeting. Director Peck seconded and the motion passed unanimously. The Meeting was adjourned at 9:05 p.m.

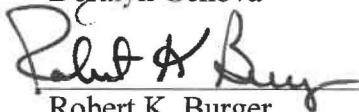
ATTEST:




Alan Hassler



Doralyn Genova



Robert K. Burger



Dale Peck



Robert Norman

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, DECEMBER 6, 2012**

BOARD MEMBERS PRESENT: Alan Hassler, Chairman; Dale Peck, Vice-Chairman;
Doralyn Genova, Treasurer; Robert Norman, Secretary;
Robert Burger, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Brian Sheley

GUESTS: Nate Keever, Dufford Waldeck Milburn and Krohn

PUBLIC HEARING

Chairman Hassler called to order a Public Hearing at 5:05 pm regarding the District's proposed FY 2013 Budget. The Budget Hearing was published and posted in accordance with C.R.S. 29-1-106 and the Proof of Publication from The Daily Sentinel was provided. Manager Tooker reported that no comments were received on the public. No members of the public were present. Chairman Hassler closed the Public Hearing at 5:07 p.m.

REGULAR MEETING

Chairman Hassler called the Regular Meeting to order at 5:08 p.m.

MINUTES OF THE NOVEMBER 1, 2012 REGULAR MEETING

Director Genova moved to approve the November 1, 2012 Regular Meeting Minutes as submitted. Director Peck seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept the Financial Report and Approve Accounts Payable Regular Checks of \$288,759.51 plus Benefits Checks of \$16,883.56 plus Supplemental Checks of \$5,681.11 for a total of \$311,324.18. Director Peck seconded. Assistant Manager Reinertsen noted that one check, to Polaris Drilling, was pulled from the original agenda amounts for action under Unfinished Business. The Investment Advisory Fee, the use of the Colorado National Bank checking account, and procedures for the allowable number of monthly wire transfers were discussed. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the monthly Manager's Reports for October, 2012. No items out of the ordinary were noted for discussion.

COLORADO RIVER COOPERATIVE AGREEMENT

Nate Keever, District counsel from Dufford, Waldeck, Milburn and Krohn, arrived at 5:20 p.m. and summarized the status of the Colorado River Cooperative Agreement. The Board Packet included a Staff Report (12/6/12 File, 2012 Staff Reports), summary of the Colorado River Cooperative Agreement (12/6/12 File), and Outline of the Proposed Green Mountain Administrative Protocol (12/6/12 File). The District is not a signatory on the Colorado River Cooperative Agreement but there are key components that are important for the District's future operations and water supply.

- Nate Keever exited the meeting at 5:50 p.m.

INFORMATIONAL REPORTS

Colorado River District October 2012 Board Meeting Summary – The Board Packet included a Report (12/6/12 File) from the Colorado River District, also summarizing the Colorado River Cooperative Agreement.

Cost of Service Rate Analysis – Manager Tooker presented A Staff Report (12/6/12 File, 2012 Staff Reports) and the 2013 Cost of Service Report (Water Rates – Cost of Service), including budgeted depreciation recovery amounts.

Personnel Committee – Wage/Benefits and Employee Wellness Program – Manager Tooker stated that the Personnel Committee will conduct a Wage and Benefit Analysis and consider implementation of an Employee Wellness Program in the first quarter of 2013.

Informational Report – Customer Responses to Notice of Violation Letter – An Informational Report (12/6/12 File, 2012 Staff Reports) summarizing customer comments received regarding the Notice of Violation about July residual chlorine levels was presented to the Board. Manager Tooker spoke about the additional testing that was performed in July to assure that the water was safe.

EXPRESS AGENDA

Director Burger moved to approve the Express Agenda items as presented. Director Genova seconded and the motion passed unanimously. The approved items are as follows:

- 1) Grand Valley Irrigation Company Annual Shareholders Meeting – The Grand Valley Irrigation Company (GVICo) Annual Shareholders Meeting was held on Saturday, December 1, 2012 at 1:00 pm at the Fruita Monument High School Auditorium. No change in the annual assessment is being proposed for 2013.

-
- 2) Grand Valley Irrigation Company Annual Auction – The annual GVICo Auction will be held Thursday, December 13, 2012 at 10 am in the GVICo business office. If GVICo shares become available, there are funds remaining in the 2012 Budget for a purchase of shares, and Staff will take action to acquire shares as appropriate.
 - 3) Project 2012-03, 16” North Tank Waterline Construction Project – The Bid Advertisement for this project started in the Daily Sentinel on November 14, 2012. The mandatory bid tour is scheduled for December 5, 2012 with the public bid opening occurring at 4:00 pm on December 20, 2012. Staff will provide an evaluation of bids and an award recommendation to the Board at the January 3, 2013 Regular Board Meeting.
 - 4) Press Release for Water Rate Increase – A Press Release (*Press Releases*) was distributed to local media on Monday, December 3, 2012 regarding the District’s 2013 Water Rates. The Press Release identifies that 2013 will be the 29th year that the District does not receive tax revenue. The primary objectives of the Water Rate increase and a summary of the District’s Water Rate History are also provided. A copy of the Press Release is included in the Board Packet.
 - 5) 2012 Christmas Party – All District staff and Board Members are invited to attend the 2012 Christmas Party to be held beginning at 4:00 p.m. on Friday, December 21. This will be a good opportunity for all staff and Board members to gather and celebrate our accomplishments in 2012. Food will be served and staff awards will be presented at that time.

UNFINISHED BUSINESS

Colorado River Cooperative Agreement – This agenda item was completed earlier in the meeting with Nate Keever.

2013 Budget – The 2013 Budget Worksheet and Budget Narrative (*12/6/12 File, 2013 Budget*) were provided, and include the addition of depreciation and amortization identified in the 2011 Audit. Director Genova moved to approve the 2013 Budget as presented and authorize Staff to submit the Budget to the appropriate agencies. Director Burger seconded and the motion passed unanimously.

Resolution Adopting 2013 Budget and Appropriating Revenues – Director Peck moved to approve the Appropriation Resolution of the Clifton Water District Board of Directors Acting By and Through its Water Activity Enterprise for the 2013 Budget Year, to appropriate Ten Million Seven Hundred Seventy Six Thousand Three Hundred and Fifteen Dollars (\$10,776,315) for the general expenses of the District, and that this appropriation be a continuing appropriation whether said funds be expended during 2013 or thereafter. Director Burger seconded and the motion passed unanimously.

Project 2012-02 New 12” Waterline, I-70 Business Loop – Final Payment – A Staff Report (*12/6/12 File, Project 2012-02 File*) itemizing the final costs associated with Project 2012-02, New 12” waterline for the I-70 Business Loop was provided. Assistant Manager Reinertsen reported that Final Advertisement for this project is complete and no inquiries were received. The total project cost was \$392,278.14 and final release of retainage is recommended. Director Genova moved to approve the Final Payment and release of retainage, on check #30422, in the amount of

\$34,998.22 to Polaris Drilling, Inc. Director Norman seconded and the motion passed unanimously.

Project 2008-04 MF/UF Project Design – Manager Tooker reported that he met with Burns and McDonnell Engineering staff on December 3rd to discuss various facility options as part of the 10% design for Project 2008-04 MF/UF Project Design. A presentation of the 10% design and estimated project costs will be scheduled at the Board’s February, 2013 meeting.

Major Capital Improvement Plan (MCIP) 2013-2020 – Manager Tooker presented the summary of the District’s customer and usage numbers, water rights, customer growth projections, water use projections, facilities summary and planned capital improvements as included in the Major Capital Improvement Plan (MCIP) 2013-2020 (12/6/12 File, MCIP 2013-2020). Maps showing the locations of the waterline capital improvement projects and a schematic of the water treatment plant were displayed and discussed. Priority projects and projects identified as growth-related were itemized. The MCIP will continue to be used for Board evaluation and discussion regarding budgeting and project prioritization.

NEW BUSINESS


Solar Farm Proposal – A Staff Report (12/6/12 File, 2012 Staff Reports) was presented by Manager Tooker regarding a request for the District to lease five acres of property for the construction of a solar energy farm to generate electricity for Xcel Energy. The Board authorized Staff to obtain more information regarding the use of the property and the lease terms.

ADJOURNMENT


The final agenda item, Manager’s Evaluation, was postponed until the January, 2013 Regular Meeting.

The meeting was adjourned by consensus at 7:50 p.m.

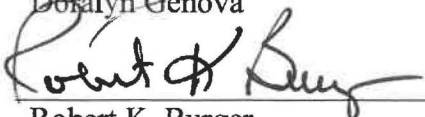
ATTEST:



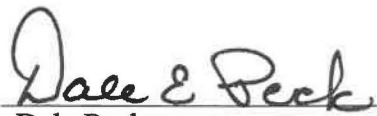
Alan Hassler



Doralyn Genova



Robert K. Burger



Dale Peck



Robert Norman

**APPROPRIATION RESOLUTION OF THE CLIFTON WATER DISTRICT BOARD OF DIRECTORS
ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE FOR THE
2013 BUDGET YEAR**

A resolution appropriating sums of money to the various accounts, in the amounts and for the purposes as set forth below, for the Clifton Water District Acting By and Through its Water Activity Enterprise, Mesa County, Colorado, for the 2013 Budget Year.

WHEREAS, the Directors have adopted the annual Budget for 2013 in accordance with the Local Government Budget Law, on the 6th day of December, 2012, and;

WHEREAS, the Directors have made provision therein to use a combination of revenues and reserves in an amount equal to, or greater than, the total proposed expenditures as set forth in said Budget, and;

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the Budget to and for the purposes described below, so as to not impair the operations of the District or its Water Activity Enterprise.

NOW THEREFORE, BE IT RESOLVED by the Directors of the Clifton Water District Acting By and Through its Water Activity Enterprise, Mesa County, Colorado that the following sums are hereby appropriated from the revenue and reserves of the Water Activity Enterprise, for the purposes stated below:

	\$4,925,805
ESTIMATED BEGINNING BALANCE	
 <u>ESTIMATED EXPENDITURES</u>	
Operating Expenses	
Source of Supply	\$23,316
Water Treatment	\$907,189
Transmission & Distribution	\$671,738
General & Administrative	\$310,570
Labor Expenses	\$1,799,782
<i>Total Operating Expenses</i>	\$3,712,596
Nonoperating Expenses	
Capital Expenses	\$1,484,250
Bond Principal & Interest	\$555,295
Emergency Fund	\$259,844
Reserve Fund	\$928,149
Contingency	\$3,836,181
<i>Total Nonoperating Expenses</i>	\$7,063,719
 TOTAL ESTIMATED EXPENDITURES	 \$10,776,315
 <u>ESTIMATED REVENUES</u>	
Operating Revenue	
Sale of Water	\$4,834,830
System Fees	\$374,670
Sanitation District	\$34,320
Penalty and Fees	\$75,250
Turn Fees	\$100,800
<i>Total Operating Revenue</i>	\$5,419,870
Nonoperating Revenue	
Plant Investment Fees	\$300,000
Main Line Extension Fees	\$4,000
Disposal of Assets	\$5,000
Availability of Service	\$37,400
Interest	\$70,000
Bond/Grant Proceeds	\$0
Property Taxes	\$0
Lease Income	\$8,640
Construction Reimbursements	\$0
Tap Installation	\$1,600
Miscellaneous	\$4,000
<i>Total Nonoperating Revenue</i>	\$430,640
 TOTAL ESTIMATED REVENUE	 \$5,850,510
Estimated From Reserves	\$4,925,805
 TOTAL FUNDS AVAILABLE	 \$10,776,315
ESTIMATED ENDING BALANCE	\$0



IT IS FURTHER RESOLVED, that there is appropriated from the funds of the District Acting By and Through its Water Activity Enterprise, Ten Million Seven Hundred Seventy Six Thousand Three Hundred and Fifteen Dollars (\$10,776,315) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 2013 or thereafter.

I hereby certify the forgoing is a true copy of a Resolution adopted by the Board of Directors of the Clifton Water District Acting By and Through its Water Activity Enterprise at the Regular Board of Directors Meeting held on December 6, 2012. Said Budget was displayed for inspection and notice of said display for inspection was duly published in accordance with C.R.S. § 29-1-106.

Dated December 6, 2012

By: Alan Hassler
Alan Hassler, Board Chairman

ATTEST: Doralyn Genova
Doralyn Genova, Treasurer