

## RECORD OF PROCEEDINGS

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### MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE IDLEDALE WATER & SANITATION DISTRICT HELD MAY 31, 2022

A Special Meeting of the Board of Directors of the Idledale Water & Sanitation District (referred to hereafter as "Board") was held on Tuesday, the 31<sup>st</sup> day of May, at 6:00 p.m. The meeting was held at Idledale Community Church, 21429 Highway 74, Idledale, CO 80453 and was open to the public.

#### ATTENDANCE

##### Directors In Attendance Were:

Mike Richardson  
Hugh Gardner  
Andy Colwell

##### Also In Attendance Were:

AJ Beckman, Public Alliance LLC, District Manager  
Justin Janca, Public Alliance LLC, Field Services Manager  
Bob Orsatti, Orsatti Water Consultants, District Engineer  
Debra Sedgeley, CliftonLarsonAllen, LLP, District Accountant  
Tom Dea, Colorado Water Well, Inc.  
Stephanie Ceccato, Esq., Rufien Law  
Mary McHenry, Resident  
Norman Treinen, Resident

#### ADMINISTRATIVE

Disclosures of Potential Conflicts of Interest: Mr. Beckman advised the Board that, pursuant to Colorado law, certain disclosures might be required prior to taking official action at the meeting. The Board reviewed the Agenda for the meeting, following which Directors Richardson, Gardner, and Colwell confirmed that they have no conflicts of interest in connection with any of the matters listed on the Agenda and the meeting was called to order at 6:21 p.m.

Director Colwell asked the Board if there would be any objection to streaming the meeting live to residents of Idledale that belong to the private Facebook group. Ms. Ceccato noted that she has no concerns for this meeting but recommended that notice to the public of the live streaming option be added to future meeting agendas. Mr. Beckman confirmed that notice of the meeting was posted to the District's website at least 24-hours prior to the meeting, and published at least 30 days prior to the meeting, however the notice did not include the option to view the meeting via livestream. Following discussion, the

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Board consented to livestreaming the meeting.

**Agenda:** Mr. Beckman distributed for the Board's review and approval a proposed Agenda for the District's Special Meeting.

Following discussion, upon motion duly made by Director Gardner, seconded by Director Richardson and upon vote, unanimously carried, the Agenda was approved as presented and the absences of Directors Vandegrift and Crivello were excused.

**May 3, 2022 Directors' Election:** Mr. Beckman reported that the May 3, 2022 election was cancelled as allowed by Statute as there were not more candidates than seats available, and all Directors were elected by acclamation. Directors Crivello, Gardner, and Richardson were elected to three-year terms and Director Colwell was elected to a one-year term.

Following discussion, the Board determined to defer the election of officers to the next meeting.

**Minutes:** The Board reviewed the Minutes of the March 22, 2022 Regular Meeting.

Following discussion, upon motion duly made by Director Gardner, seconded by Director Richardson and, upon vote, unanimously carried, minutes of the March 22, 2022 Regular Meeting were approved.

**Anchor QEA, LLC:** The Board reviewed the assignment of the District's agreement with Orsatti Water Consultants, LTD, to Anchor QEA, LLC. At the request of Director Gardner, Mr. Orsatti discussed the increased depth of staff and capabilities of Anchor QEA. He assured the District that he would continue to be the lead Engineer working with the District.

Following discussion and review, upon a motion duly made by Director Gardner, seconded by Director Richardson, and upon vote unanimously carried, the Board ratified the assignment of the Service Agreement with Orsatti Water Consultants, LTD to Anchor QEA, LLC.

**Public Comment:** Mr. Dea addressed the Board requesting that Colorado Water Well, Inc. be paid for a partial spool of wire left over following the completion of rehabilitation work to Well 1A in 2021. He explained that the request to leave the partial spool of wire was made by an employee of the District who was present for the rehabilitation work and had apparent authority to make the

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request. Mr. Dea then distributed an invoice from June 2021 in the amount of \$1,050.82 and requested that it be paid as soon as possible. Director Richardson noted that the purchase of the material should have been formalized via change order prior to the District accepting the material. Discussion ensued regarding the contractual obligations of all parties. Mr. Dea thanked the Board for its consideration and excused himself from the meeting. Director Colwell recommended that in order to maintain a positive relationship with a valued contractor, the Board consider payment of the invoice.

Following discussion and review, upon a motion duly made by Director Colwell, seconded by Director Gardner and, upon vote unanimously carried, the Board approved payment and authorized Mr. Beckman to request waiver of the late fee.

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### **FINANCIAL MATTERS**

**Accounts Payable:** The Board considered approval of the payment of claims for the period ending May 11, 2022, in the amount of \$28,069.59.

Ms. Sedgeley reviewed the payables with the Board. Following discussion, upon motion duly made by Director Gardner, seconded by Director Colwell and, upon vote, unanimously carried, the Board ratified the payment of claims in the amount of \$28,069.59.

Ms. Sedgeley then reviewed credit card charges for the months of January through April of 2022 totaling \$7,726.06. She explained that the District has paid the amounts due from the statements, however she has not received the majority of the receipts that should accompany the purchases and has requested that they be provided by Director Richardson. Director Richardson addressed the Board, noting that he is in the process of compiling the receipts for the transactions and was hoping to have provided them prior to today's meeting. He will provide the requested backup as expeditiously as possible. It was noted that the Board will consider ratifying payment of the amounts made by credit card once all receipts have been provided.

Ms. Sedgeley then asked the Board to consider authorizing CliftonLarsonAllen ("CLA") to make the debt payment going forward.

Following discussion and review, upon a motion duly made by Director Gardner, seconded by Director Colwell and, upon vote unanimously carried, the Board authorized CLA and directed them to take all actions necessary to assume responsibility for processing debt payment going forward.

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**Unaudited Financial Statements:** Ms. Sedgeley reviewed the cash position with the Board.

Following discussion and review, upon a motion duly made by Director Colwell, seconded by Director Richardson and, upon vote unanimously carried, the Board accepted the unaudited financial statements.

**2021 Audit:** Ms. Sedgeley addressed the Board regarding the 2021 Audit. She explained that the field work is expected to begin next week, and a draft of the audit will be distributed once available.

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### **OPERATIONS MATTERS**

**Operator in Responsible Charge (“ORC”):** Mr. Beckman reported that Richard Pintor Jr. has sought employment elsewhere. He provided two-weeks’ notice, and today is his last day. Mr. Beckman explained that Mr. Pintor has agreed to continue working for the District in a limited capacity, specifically to assist with underground utility location requests, and to assist with the transfer of institutional knowledge. Mr. Beckman then reported that he is soliciting proposals for a contract operator and expects to have someone engaged in the next week or so. He then discussed with the Board the possibility of Director Richardson performing many of the daily tasks of an ORC since he is onsite much of the time, and extremely familiar with the system. Mr. Beckman clarified that Mr. Richardson would have to work at the direction and under the supervision of a contracted ORC. Mr. Beckman recommended that if Director Richardson is amenable to such arrangement that it be via contract, rather than through an employment agreement, and noted that this would likely affect Director Richardson’s ability to continue service as a Director. Ms. Ceccato advised the Board that in order for Director Richardson to work as an employee or contractor of the District, she would recommend that he resign his position as Director. Director Richardson noted that he is considering the option of being a contractor to the District and will advise the Board of his decision in the near future. The Board directed Mr. Beckman to continue the search for an ORC and to keep the Board apprised of his ongoing progress.

**Engineer’s Report:** It was noted that the Engineer’s Report will be the presentation of the Project Needs Assessment.

**Public Hearing:** Mr. Beckman advised the Board that notice of today’s meeting and the Public Hearing to discuss the Project Needs Assessment was published in the Canyon Courier and posted to the District’s Website at least 30 days prior to the meeting. He further noted that the Project needs assessment has been posted to the District’s website for over 60 days.

Upon a motion duly made by Director Gardner, seconded by Director Richardson and, upon vote unanimously carried, the Board opened the public hearing.

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Mr. Orsatti reviewed the Project Needs Assessment with the Board and members of the public. He noted that key components of the proposed infrastructure necessary to satisfy the needs of the community are as follows:

- Install filtration as mandated by the Colorado Department of Public Health and Environment (“CDPHE”). The improvements are planned to be installed along with other water treatment facility upgrades.
- Installation of a new well to add to the three currently in use.
- A transmission line from the Ridgeway Well to the Upper Treatment Facility, to maximize the yield from the Ridgeway Well.
- Replacement of broken isolation valves and fire hydrants
- Installation of water meters for all service connections

Mr. Orsatti then reviewed the project cost noting that the total estimated to install all of the proposed improvements cost is approximately \$2,400,000.00

Mr. Beckman then reviewed a cash flow projection prepared by Simmons and Wheeler, P.C. He explained that the cost to finance the project over 30 years, with an assumed interest rate of 1.5% would require an increase of approximately \$100 per month per service connection. Mr. Beckman explained that he is hopeful to secure more favorable terms working with the CDPHE’s Grants and Loans Unit. He explained that there is a good chance of receiving a Grant in the amount of \$300,000 to cover the cost of design and engineering, and other Grants are actively being pursued. Also, the potential to receive a lower interest rate and partial principal forgiveness are all possibilities. Mr. Beckman asked for feedback from the Board and the public regarding an acceptable increase for purposes of financing the improvements. Ms. McHenry noted that a \$100 per month would be more than most residents could afford. Following discussion, there was strong consensus that an increase of \$100 per month would not be tolerated by the constituents and general agreement that any increase whatsoever would be a hardship given the already high cost of water in Idledale. The Board and members of the public generally agreed that an increase of \$25 per month would be approaching the upper limit with \$35 to \$40 per month likely being beyond what many constituents would be willing to pay. Mr. Treinen asked if the cost would ever go down. Mr. Beckman explained that at the end of the financing term the debt portion of the cost to residents could be eliminated. He and Mr. Orsatti further explained that the primary benefit would be to establish a reliable and sustainable water system for the foreseeable future.

Upon a motion duly made by Director Gardner, seconded by Director Richardson and, upon vote unanimously carried, the Board closed the public hearing.

**Letter to Residents:** The Board reviewed the draft community update letter. Following review and discussion, the Board directed Mr. Beckman to send a hard

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copy of the letter with the very informative but lengthy attachment prepared by Director Richardson to all of post office box holders in the District.

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### LEGAL MATTERS

There were no legal matters.

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### OTHER BUSINESS

Director Colwell advised the Board that he would like to take a lead role in communications and gathering resident information. The Board discussed adding to the community update letter a reference to an on-line resident information gathering form prepared by Director Colwell.

Following discussion and review, upon a motion duly made by Director Gardner, seconded by Director Richardson and, upon vote unanimously carried, the Board authorized Director Colwell to move forward with publishing the resident information form, and to coordinate distribution of resident updates and alerts.

Following discussion, the Board determined to hold the next meeting on June 20, 2022.

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### ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Gardner, seconded by Director Richardson, and upon vote unanimously carried, the meeting was adjourned at 9:20 p.m.

Respectfully submitted,

By Hugh Gardner  
Secretary