RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE GREATROCK NORTH WATER AND SANITATION DISTRICT HELD DECEMBER 2, 2014

A regular meeting of the Board of Directors (referred to hereafter as "Board") of the Greatrock North Water and Sanitation District (referred to hereafter as "District") was convened on Tuesday, December 2, 2014 at 5:30 P.M., at United Power, 500 Cooperative Way, Brighton, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:
Robert W. Fleck
John D. Wyckoff
Jeffrey Polliard
Brian K. Rogers
Dave Lozano

Also In Attendance Were:
Lisa A. Johnson; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq.; White Bear Ankele Tanaka & Waldron, P.C.

Brad Simons, TZA Water Engineers

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosures of Potential Conflicts of Interest: Ms. Johnson advised the Board that, pursuant to Colorado law, certain disclosures may be required prior to taking official action at the meeting. The Board reviewed the Agenda for the meeting, following which, Directors Rogers, Polliard, Fleck and Wyckoff each confirmed that they had no conflicts of interest in connection with any of the matters listed on the Agenda. It was noted that Director Lozano's Disclosure Statements have been filed with the Secretary of State's office and Board in advance of the meeting pursuant to Colorado law.

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's regular meeting.

Following discussion, upon motion duly made by Director Polliard, seconded by Director Lozano and, upon vote, unanimously carried, the Agenda was approved as amended.

Board of Directors' Report: There was nothing new to report.

Manager's Report: Ms. Johnson presented and the Board reviewed the December Manager's Report. A copy of the report is attached hereto and incorporated herein by this reference.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Approve Minutes from the November 4, 2014 regular meeting.
- Ratify approval of payment of claims through the period ending November 12, 2014, as follows:

General Fund	$ 47,796.70
Debt Service Fund	$ -0-
Capital Projects Fund	$ -0-
Total Claims:	**$ 47,796.70**

- Accept cash position schedule and unaudited financial statements through the period ending October 31, 2014.
- Renew Independent Contractor Agreement with Elite Industries, Inc. for Landscape Maintenance Services (no change in scope or fees- automatic renewal).
- Renew Independent Contractor Agreement with Rocky Mountain Power Generation, Inc. for Generator Preventative Maintenance Services (no change in scope or fees- automatic renewal).
- Approve First Addendum to Independent Contractor Agreement (Public Water System Facilities Support Engineering Services) with Lamp Rynearson & Associates, Inc. for Engineering Services related to the Greatrock North Pump Station Improvements.
- Approve Standard Operating Procedures for Water Leaks

Following discussion, upon motion duly made by Director Polliard, seconded by Director Lozano and, upon vote, unanimously carried, the Board approved the consent agenda items.

FINANCIAL MATTERS

Accounting Procedures: The Board reviewed the memo provided by Ms. Mortimeyer regarding accounting procedures related to monthly bank statement reconciliation and cash handling. The Board then reviewed the memo prepared by Attorney Tanaka regarding a designated agent endorsement. Staff determined to clarify information provided by T. Charles Wilson prior to making a recommendation to the Board. The Board will consider action on this issue at their February meeting.

WATER MATTERS

Approval of Resolution No. 2014-12-01, Resolution Regarding Renewable Water Rights Policy: The Board reviewed Resolution No. 2014-12-01, Resolution Regarding Renewable Water Rights Policy.

Following discussion, upon motion duly made by Director Polliard, seconded by Director Lozano and, upon vote, unanimously carried, the Board approved Resolution No. 2014-12-01, Resolution Regarding Renewable Water Rights Policy. A copy of the Resolution is attached hereto and incorporated herein by this reference.

Director Polliard left the meeting at this time.

ENGINEER'S REPORT

Engineer's Report: Mr. Simons presented the Engineer's Report to the Board. A copy of the report is attached hereto and is incorporated herein by this reference.

Evaporation Ponds:

Meeting with Pure Water Solutions: Mr. Simons summarized his meeting with Pure Water Solutions. Samples of the concentrate water were obtained and Pure Water Solutions will provide a report to the Board regarding their findings.

Rocking Horse Farms and Box Elder Creek Ranch Curb Stops: Ms. Johnson presented draft letters regarding locating curb stops in Rocking Horse Farms and Box Elder Creek Ranch. The Board reviewed and approved the letters in draft form. Staff will verify that the existing easements include the curb stop and meters in Box Elder Creek Ranch. Once confirmed, staff will begin transmitting letters to affected residents.

OPERATIONS AND MAINTENANCE MATTERS

Operations and Maintenance Update and Completed Work Order List: The Board reviewed the operations and maintenance update and the completed work order list. A copy of the report is attached hereto and incorporated herein by this reference.

Water Quality Report: The Board reviewed the monthly water quality report. The Board directed operations staff to sample all tanks monthly for Total Dissolved Solids ("TDS") and report the results on the monthly report.

LEGAL MATTERS

Independent Contractor Agreement between the District and Dan's Custom Construction for General Contractor Services: Ms. Johnson reported that she spoke with Mr. LaCoe regarding his requested changes to the inspection and warranty language in the original contract. Based on the services he provides, Attorney Tanaka will revise the agreement with general warranty language and Ms. Johnson will present the revised agreement to Mr. LaCoe for review and approval.

Following discussion, upon motion duly made by Director Rogers, seconded by Director Wyckoff and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Dan's Custom Construction with the changes discussed by Attorney Tanaka.

Special District Management Services, Inc. ("SDMS") Independent Contractor Agreement: Attorney Tanaka commented that she and the attorney for SDMS have negotiated most of the terms of the independent contractor agreement. There is one outstanding term for the Board to provide direction on. Should the agreement be terminated by either party, SDMS will charge for all transitional services to a new management company or employee. The Board agreed to allow SDMS to charge for "reasonable" transitional services and were specific in that charges would not be allowed for copying files should SDMS choose to keep copies of the public records for their own purposes. Attorney Tanaka will revise the agreement as such and communicate this information back to the attorney for SDMS.

Following discussion, upon motion duly made by Director Wyckoff, seconded by Director Rogers and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement with Special District Management Services, Inc. with the changes notes above.

OTHER BUSINESS

January Regular Meeting: Ms. Johnson informed the Board that she may be away caring for a family member for the January meeting. She recommends re-scheduling the meeting or cancelling the meeting. The Board discussed and determined to cancel the regular meeting in January.

Availability of Service Fees to 32265 E. 167th Drive: Mr. Simons commented that on the recent curb stop inspection visit, it was discovered that the property at 32265 E. 167th Drive does not receive water service from the District. Director Wyckoff spoke to the resident who explained that their family member was the

original owner of all or most of the property that has been developed as Box Elder Creek Ranch and they are currently on a private well system. It was confirmed that the property is included in the boundaries of the District and that water lines are within 100 feet of the property line, and, therefore, based on the District's Rules and Regulations, the property should be assessed an availability of service fee. The Board discussed the history of this property in more detail.

Following discussion, upon motion duly made by Director Rogers, seconded by Director Wyckoff and, upon vote, unanimously carried, the Board determined not to assess an availability of service fee to the property at 32265 E. 167th Drive.

COMMUNITY COMMENTS

Community Comments:

There were no community comments.

EXECUTIVE SESSION

Potential Litigation Matters: It was determined that an executive session was not necessary regarding potential litigation matters. The Board reviewed the confidential memorandum provided by Attorney Decker related to potential litigation matters and determined to take no further action.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By _____
Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL DECEMBER 2, 2014 MINUTES OF THE GREATROCK NORTH WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

_____
Robert William Fleck

_____
Jeffrey L. Polliard

_____
Brian K. Rogers

_____
John D. Wyckoff

_____
Dave Lozano

GREATROCK NORTH
WATER & SANITATION DISTRICT

Date: November 25, 2014

To: Greatrock North Water and Sanitation District, Board of Directors

From: Lisa A. Johnson, District Manager

Re: December 2, 2014 Manager's Report

Agenda Action Items

II.A. Consent Agenda

1. November 4, 2014 regular meeting minutes.
2. November 12, 2014 claims
3. October 31, 2014 financial statements and cash position
4. Renewal of ICA with Elite Industries, Inc for 2015 Landscape Maintenance Services.
5. Renewal of ICA with Rocky Mountain Power Generation, Inc. for 2015 Generator Preventative Maintenance Services.
6. Approve First Addendum to ICA with Lamp Rynearson for Engineering Services related to the Greatrock North Pump Station Improvements.
7. Approval of Standard Operating Procedure for Water Leaks.

I recommend approval of the consent agenda items.

IV.A.1. Resolution No. 2014-12-01, Resolution Regarding Renewable Water Rights Policy

At the November board meeting, the Board directed staff to prepare a resolution outlining the Board's policy to secure renewable water rights. Attorney Tanaka has drafted Resolution No. 2014-12-01, Resolution Regarding Water Rights Policy for the Board's consideration.

I recommend approval of Resolution No. 2014-12-01, Resolution Regarding Renewable Water Rights Policy.

Review of monthly Water Resumes and Other Water Related Matters

Attorney Poznanovic reviewed the September resume, and did not find any cases that he thinks the District would have an interest in opposing.

Summary of mid-month meeting with Directors Fleck and Wyckoff

Director Fleck and Wyckoff, Mr. Simons and I met on November 13, 2014. Topics discussed were as follows:

- Discussed a summary of the recent curb stop inspections in Box Elder Creek Ranch and staff's recommendation to prepare a letter to residents regarding this issue.
- Reviewed and finalized the Standard Operating Procedure for Water Leaks.
- Discussed efforts to solve the concentrate disposal issue.

Resolution No. 2014-12-01

RESOLUTION
OF THE BOARD OF DIRECTORS OF
GREATROCK NORTH WATER AND SANITATION DISTRICT

REGARDING A RENEWABLE WATER RIGHTS POLICY

WHEREAS, the Greatrock North Water and Sanitation District (the "District") is a quasi-municipal corporation and political subdivision of the State of Colorado, duly organized and existing pursuant to §§ 32-1-101, *et seq.,* C.R.S.; and

WHEREAS, pursuant to § 32-1-1001(1)(h), C.R.S., the Board of Directors of the District (the "Board") is empowered with management, control, and supervision of all business and affairs of the District; and

WHEREAS, pursuant to § 32-1-1001(1)(m), C.R.S., the Board is authorized to adopt, amend, and enforce bylaws and rules and regulations not in conflict with the constitution and laws of Colorado for carrying on the business, objects, and affairs of the Board and the District; and

WHEREAS, pursuant to § 32-1-1006(1)(e), C.R.S., the Board is authorized to acquire water rights and to construct and operate lines and facilities within and without the District; and

WHEREAS, the District's current boundaries include six subdivisions: Greatrock North, Rocking Horse Farms, Box Elder Creek Ranch, Homestead Heights II, Hayesmount Estates, and Ridgeview Estates; and

WHEREAS, the District's projected build-out augmentation requirement, if all of the District's water supply is pumped from alluvial wells, to serve all of the subdivisions within the District's boundaries is 113.1 acre-feet per year; and

WHEREAS, in order to ensure the long-term provision of sustainable water for its customers, the Board desires to establish a policy for the acquisition of renewable water rights.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT AS FOLLOWS:

1. Renewable Water Rights Policy. The Board hereby acknowledges the scarcity of water resources in Colorado and, as a result, the importance of securing renewable water for the District and its customers for the future. Because of the continuing depletions and unreliability of non-renewable water resources, the Board hereby declares it to be the Board's policy to acquire, secure and obtain renewable water rights to replace 100% of the District's non-renewable Denver Basin well pumping on an annual basis. Based upon the District's projected build-out augmentation requirement, this amount is equal to 113.1 acre-feet per year.

2. Effective Date. The provisions of this Resolution shall take effect as of the date of this Resolution.

3. Severability. If any term or provision of this Resolution or if any rule or Regulation is found to be invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, such invalid or unenforceable term or provision shall not affect the validity of the remainder of the Resolution or rules and regulations, as a whole, but shall be severed, leaving the remaining terms or provisions in full force and effect. In addition, in lieu of such void or unenforceable provision, there shall automatically be added a provision similar in terms to such illegal, invalid or unenforceable provision so that the resulting reformed provision is legal, valid and enforceable.

Remainder of Page Intentionally Left Blank. Signature page follows.

RESOLVED, ADOPTED AND APPROVED this 2nd day of December, 2014.

GREATROCK NORTH WATER AND
SANITATION DISTRICT

Officer of the District

ATTEST:

APPROVED AS TO FORM:

WHITE BEAR ANKELE TANAKA & WALDRON
Attorneys at Law

General Counsel to the District

0495.0007:636067

TZA Water Engineers
a Lamp Rynearson Company

12596 W. Bayaud Ave., Ste. 330
Lakewood, Colorado 80228
303-971-0030
tza4water.com

GREATROCK NORTH WATER AND SANITATION DISTRICT
ENGINEER'S REPORT
NOVEMBER 24, 2014

Concentrate Disposal and Stream Reclassification

I recently met with Ron Falco, the interim Director of the Water Quality Control Division, to revisit the District's concentrate disposal quandary. Mr. Falco suggested researching the Water Quality Control Commission's Policy 13-1 for a discharger specific variance. This policy intended to make the discharger specific variance adoption and implementation process more transparent and understandable to all interested parties, while providing appropriate flexibility.

The Durango West Metropolitan District No. 2 recently applied for a discharger specific variance for ammonia and chlorine standards. This District sought relief of severe ammonia and chlorine discharge standards for aerated lagoons that discharge to a dry creek. The lagoon effluent does not reach the stream segment upon which the standards are based.

The Commission's administrator has provided a link (ftp://ft.dphe.state.co.us/wqc/wqcc/34_AF13bRMH_2014/) to the entire administrative record for Durango West Metropolitan District No. 2's request. I am in the process of reviewing the records and will present more information to the Board at a future meeting.

Curb Stops

TZA Water Engineers conducted a site visit to Box Elder Creek Ranch on November 6 in an effort to locate the remaining curb stops. District Manager Lisa Johnson and Director John Wyckoff were in attendance. We were unable to locate any additional curb stops, largely because they are likely buried under landscaped improvements. In addition, at two of the properties we were unable to locate the water meter pits. Finally, at one property, we learned that the residence in on a private well that proceeds the development of the subdivision. I have drafted two form letters to be considered at the December Board meeting.

Greatrock North Pump Station Improvements

On November 14, TZA Water Engineers conducted an initial site walk for the proposed Greatrock North Pump Station Improvements. An addendum to the Independent Contractor Agreement is included in this month's Board packet for consideration. I will present a conceptual floor plan for the improvements to the Board at the December Board meeting.

Engineer's Report
November 24, 2014
Page Two

Reverse Osmosis Condition Assessment

TZA Water Engineers has scheduled Pure Water Solutions to conduct a condition assessment on the Box Elder Creek Ranch Water Treatment Plant's reverse osmosis unit on November 25, 2014. Pure Water Solutions will collect water quality samples for analysis on that date. I will present a summary to the Board at the December Board meeting.

Well, Pump, and Motor Replacements

The District has recently initiated efforts to better understand its well infrastructure and the potential need for replacement of pumps and motors, as well as the well structures themselves. As a part of that effort, TZA Water Engineers is compiling the historical aspects of the wells constructed, the pumps installed, and any other improvements (i.e. water level measuring devices) integrated at each site. TZA is evaluating the benefits of a pump, motor, and well maintenance program to detect changes in well performance. Early detection of deterioration in well performance will allow less expensive repairs, rehabilitation, or treatment procedures in order to maximize production capacity. This preventative maintenance program will be discussed with the District's Manager, and a formal proposal will be brought to the Board if deemed appropriate.

Other Activities

Warranty Inspections – Ramey Environmental Compliance is tracking the 11-month warranty inspections for the following projects:

- Rocking Horse Farms Pump Station – The warranty inspection was conducted by Jeff Rabas on July 18, 2014.
- Box Elder Creek Ranch Pump Station – The improvements were placed into service on March 13, 2014.
- Rocking Horse Farms Tank Repainting – The improvements were inspected and accepted on June 11, 2014.

Utility Billings and Energy Costs – TZA is now tracking the United Power utility bills and associated water operations. An updated review will be presented for 2014 at the January 2015 Board meeting.

Draft Storage Tank Rule – The Water Quality Control Division has drafted a Storage Tank Rule (https://docs.google.com/file/d/0B0tmPQ67k3NVUzAyd2dEekt5Tnc/edit) that will be considered by the Water Quality Control Commission in January of 2015 and will become effective January of 2016. In addition to quarterly periodic (visual) inspections, this rule will require comprehensive inspections to be scheduled at least every five years.

Engineer's Report
November 24, 2014
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Greatrock North Flow Meter – TZA Water Engineers is supporting Ramey Environmental Compliance with the procurement of a magnetic flow meter to replace the suspect meter to the Greatrock North subdivision distribution system.

Meeting with Mr. Kirwin – On November 14, I met with Mr. Ken Kirwin and Director Wyckoff at the Box Elder Creek Ranch Water Treatment Plant and discussed the history of the District, its water system, the looping project, and our current efforts to improve upon the quality of the potable water.

Ramey Environmental Compliance, Inc.
Management and Operation Solutions for
Water and Wastewater Treatment
303-833-5505

PO Box 99, Firestone, Colorado 80520
email: contact.us@RECinc.net
www.RECinc.net

Greatrock North W & S District
Monthly Activities
Oct 27th – Nov 21st

10/20/14: Jeff Rabas and operator onsite with Contractors to fix curb stops in RHF.

10/27/14: Regular checks and readings.

10/29/14: Regular checks and readings.

10/31/14: Regular checks and readings. .

11/3/14: Regular checks and readings.

11/5/14: Regular checks and readings.

11/7/14: Regular checks and readings. Completed a water service line inspection at 31320 E 163rd Ave.

11/10/14: Regular checks and readings.

11/12/14: Regular checks and readings.

11/14/14: Regular checks and readings. Sealed the hole around drain on pump #2 at Greatrock North. Pulled the mixer from the brine pond for the winter and checked the oil and fuel in the generators. Ordered 200 gallons of fuel for GRN generator it was just below 50%.

11/17/14: Regular checks and readings. Timberline Electric onsite to install new pressure sensors on RO unit. Collected and delivered monthly samples. Fuel delivered for GRN generator.

11/19/14: Regular checks and readings. Cleaned the filters on the VFD's.

11/21/14: Regular checks and readings.

Oct 27th – Nov 21st

RO Run Time Hrs	35.8 hrs
RO Concentrate Flow – 1 pond	70,884 gallons

Completed Work Order List Report

Completed	Equipment Number	Task	Priority	WO#	Type
11/17/2014	Water Sampling	Bacti Bacti Sampling(069)	1	361.01	Scheduled
11/14/2014	BOX Generator	Ck Fuel Check Fuel Level	5	362.01	Scheduled
11/14/2014	GN Generator	Ck Fuel Check Fuel Level	5	363.01	Scheduled
11/14/2014	RHF Generator	Ck Fuel Check Fuel Level	5	364.01	Scheduled
11/14/2014	BOX Generator	Ck Oil Check Oil Level(069)	5	365.01	Scheduled
11/14/2014	GN Generator	Ck Oil Check Oil Level(069)	5	366.01	Scheduled
11/14/2014	RHF Generator	Ck Oil Check Oil Level(069)	5	367.01	Scheduled
11/3/2014	BOX BP1 VFD	Clean Eqp Clean Equipment	5	393.01	Scheduled
11/3/2014	BOX BP2 VFD	Clean Eqp Clean Equipment	5	394.01	Scheduled
11/3/2014	BOX BP3 VFD	Clean Eqp Clean Equipment	5	395.01	Scheduled