

**MINUTES OF THE BOARD OF DIRECTORS PUBLIC MEETING
ARABIAN ACRES METROPOLITAN DISTRICT**

April 17, 2019 at 5:30 P.M.

Divide Fire Station, 103 Cedar Mountain Road, Divide, Colorado 80814

In attendance were Directors:

Jennifer Waller, President
Craig Waller, Treasurer
Edith Coffman, Assistant Secretary
Lucas Ortivez, Secretary
Lanny Hoel, Assistant Secretary

Also in attendance were:

Lynn Willow, ORC
Mike Groselle, AquaWorks
Kevin Walker, WSDM
Lori VonFeldt, WSDM
Kristina Kulick, WSDM
Members of the public (see sign-in sheet)

1. Administrative Matters

- a. Call to Order and Declaration of Quorum: President Waller called the meeting to order at 5:42 p.m. President Waller confirmed a quorum and all board members were present.
- b. Confirm any potential conflicts of interest: President Waller confirmed with the Board that there were no potential conflicts of interest.
- c. Discuss and Approve the Agenda: President Waller added Agenda items for an update from Mr. Groselle on the capital improvement projects, Mr. Willow's contract renewal discussion, and an Administrative Resolution to assign WSDM as the records keeper for the District. Director Hoel moved to approve the Agenda as amended; seconded by Director Ortivez. Motion passed unanimously.
- d. Review and Approval of the March Board of Directors Meeting Minutes: Director Coffman noted a correction to the minutes when the Board was coming out of executive session. She clarified that Director Hoel moved to come out of executive session and Director Ortivez seconded and the motion passed. Director Coffman moved to accept the minutes as amended; seconded by Director Hoel. Motion passed unanimously.
- e. Presentation by Mike Groselle with Aquaworks: Mr. Groselle updated the Board and residents on the meter project. Velocity is expected to start June 1st, and doorhangers will go out as the work is scheduled with the expected date of service interruption. Service will be affected for a few hours between 8 a.m. and 5 p.m.

and the crews will be generally digging up the front yard area. The survey was completed on the distribution project and they are currently working on the design. They are expected to complete the design this summer and expect construction to start in Summer 2020. Mr. Groselle confirmed that Project 3 is tabled and non-existent. Mr. Winterer asked when they put in the meters and pit, will they evaluate the line going to the house and if line is in bad shape will they let the resident know. Mr. Willow said they will examine the connection to the curb stop, but they will only be exposing 8 feet of the line at most. If there are issues, they will let the homeowners know but they will not be pressure testing or exposing the whole line. Mr. Brown asked if there will be a plan to deal with the billing issue and moving to a new system. Mr. Willow said they will work with WSDM. Mr. Walker confirmed that when they do the new billing, they will add the old meter information. Director Ortivez asked what they will be doing with the existing meter. Mr. Groselle said they will salvage the old meters and they will not replace Director Ortivez's new meter since it is so new. Director Coffman asked about Ms. Sandy's meter. Mr. Willow said that type of meter will not read the same as the other meters and it has a 10 – 20% of error so it will need to be replaced. Director Coffman asked Mr. Willow to let her know that.

- f. Mr. Willow's ORC Contract: President Waller passed out copies of Mr. Willow's ORC contract to the Board. She explained if approved his new contract will begin May 1st, and there no changes in the contract from last year's. President Waller said she would like to discuss with the Board a 3% increase in Mr. Willow's reimbursement and she feels the increase is warranted in reference to cost of living. Director Ortivez said he thinks the 3% increase is fair and the Board all agreed. President Waller said she and Mr. Willow continue to maintain communication and he keeps her well informed. His contract does state that he will respond to District Management and Board President as needed. Director Coffman confirmed his contract is separate from Mr. Sommer's contract. Director Ortivez moved to accept the ORC contract with Mr. Willow and authorize President Waller to sign it; seconded by Director Hoel. Motion passed unanimously.
- g. Administrative Resolution: President Waller explained there was not a resolution that assigned WSDM as a custodian of records for the District and the resolution will make it official. Director Coffman moved to approve the Administrative Resolution; seconded by Treasurer Waller. Motion passed unanimously.
- h. President's Report: President Waller addressed a question from last month's meeting on the water budget. She explained that this year's water budget was taken down to \$5,000 from \$15,000 last year. President Waller said she is not sure

why that was done because she thinks it's best to have that extra money in the budget for water. As of last month, the District has had 86 loads of water trucked in this year total. She said she does not have the bill for the last 36 loads, but currently at \$23,605 in water costs. Mr. Winterer noted they budgeted \$45,000 for water in the past but the former Manager kept dropping it down. The Board agreed that they will need to look at this for next year's budget. Mr. Brown asked if the need for purchased water is from ruptured lines going to homes. President Waller said it is due to leaks in the District. Mr. Willow said the leak from last month was from a main line leak and not only lines going to houses. President Waller said the leak lasted a full 7 days before it was found because water was leaking at a home where nobody was there at the time. Treasurer Waller asked Mr. Willow if the new meters will cut down the time it takes to find leaks. Mr. Willow said yes, and the leaks could have been found within hours with the new meters and they would not have had to purchase water.

President Waller brought up a discussion from last month about the display case in Trout Haven by the mailboxes. She said she has been in touch with the Trout Haven President to see if we can move it closer to the mailboxes and is waiting to hear back. Mr. Baker said he heard he plans on putting it by the mailboxes once the ground thaws.

President Waller updated the Board that AmCoBi has finally released all the District's records to WSDM. Mr. Walker confirmed they received the documents yesterday.

President Waller discussed a \$1,200 safety and loss prevention grant from the pool that the District was awarded last year. She explained the funds can be used to reimburse safety and risk prevention, such as fire extinguishers, lighting, fences, etc. She said we currently have \$1,000 and WSDM said they are familiar and will find a way to apply for the grant. Treasurer Waller suggested using funds for cones and vests for the project. Mr. Winterer suggested safety markers for when Mr. Willow is digging.

President Waller said she found out that there is a past board member from 2016 to 2018 that just registered to vote on April 5, 2019. She said he was paid stipends for being a board member, but he did not qualify to be a board member because he was not a registered voter. President Waller said she wanted to bring it up because there is District money involved. She added the previous Manager supposedly approved this board member. Treasurer Waller asked who is responsible for verifying credentials. President Waller said at that time, the Manager was taking care of everything. Mr. Walker said in most districts, it is the attorneys who check and verify. More accurately, it would be the DEO to check to

make sure a board member is eligible. Director Coffman asked if they are going to pursue getting the money back. Mr. Walker said it is up to the Board to decide if they want to pursue it. Treasurer Waller suggested having the attorney send a letter. President Waller said she called the election officials to verify voter registration for the recall and this person came up and there was nothing on their voter registration. She said Ms. Bertrand provided the list and she went through and checked them. Treasurer Waller suggested having Mr. Downie verify with the State first and then have him proceed. Mr. Walker pointed out a statute of limitations as well. The Board gave direction to Mr. Walker to have the attorney look into this and proceed from there.

President Waller discussed the freezing issue 747. She said she has been in touch with the homeowner to see what will resolve this issue. She explained that we need to resolve this, so it doesn't continue to cost the District thousands of dollars each year. President Waller said it is their cistern and there is no float, it is controlled by a valve, so it freezes and backs up to the District's line. Mr. Willow explained how it froze at the tap for the last 3 years. Mr. Willow said when we put in the meter pit, it should do some good if we can lower the line where their current meter pit is and if we put our splicer in it should solve the problem, but this is not in the scope of work, and they should have to pitch in on the costs. It would be an additional \$800 to \$1,000 to do that work. Director Coffman asked if a solution would be to have WSDM send it to the homeowner and have them sign to agree to help with the costs and have them install a float as well. Mr. Walker said he will work on this with Mr. Willow, but using public money for a private home improvement is not something we can do. It would be the responsibility of the property owner, and Rules and Regulations would require a waiver to get past that. Mr. Walker said he can bring a proposal back and check with Mr. Downie on how to create a waiver. He will also work on a letter that states the repairs needed and go from there. Director Ortivez suggested a payment plan and working something out with them. Mr. Walker said it may not be the best idea to do a payment plan, but he will work on this. President Waller said she will help if needed.

- i. Recall Discussion by President and Treasurer: President Waller said she wanted to update everyone on the Recall. She said she has heard untrue things being said about if she and Treasurer Waller remained in office the bills would go up by \$60 per month. She said there are no 2 people that can control that, and it must be voted on by the Board and passed with a majority. She said there will be no raising of rates or supplemental fees and we all pay the same bills and taxes. Everyone would be affected if rates were raised and we would all have to pay it. She said as a Special District, there are laws. President Waller said she heard rumors about the

mill levy going up. She explained that 10 mills were coming off since the Malcolm issue was paid off and nothing has been added to the taxes and there is no intention of anything being added. Anything added would have to be brought to the County Commissioners and would still go to a vote. Everything is decided by a Board majority and nothing could be done without it. President Waller said she was given a packet that included a note from 2 former board members, an email that she sent, some billing issues, personal items such as her warranty deed, bankruptcy, taxes and her marriage license that was all passed out to the entire District. She added that there was confusion spread surrounding project 3. She confirmed it was cancelled over 6 months ago. She also explained this history with project 3 and how the planned survey was never mailed out by the previous manager. President Waller went over minutes that were highlighted and Clay Brown. She said that just because Clay Brown suggests or says something, it is still up to the Board to decide. She said there is no intention to do the service fee discussed with Mr. Clay Brown. President Waller said she does not know one person on the Board who wants to have CSU take over. She said she likes their Special District, and the lines are we doing are not the same material that CSU would require. We are replacing lines that the district needs, not what it needs to pass on to CSU. She noted a letter about Cascade's capital investment fee that was included in the packet and how this has never been discussed. She said Cascade is updating their system and they have a portion going to CSU but that has nothing to do with AAMD and the only thing they have in common with Cascade is that they were both victims of Mr. Malcolm. AAMD is not even in the same County as Cascade. She reiterated that there is no intent to move into CSU's utility district. President Waller said she would like the facts to be straight about what is said and done in these meetings, and the packet that was passed out is inaccurate. Treasurer Waller said they had this pamphlet when getting the recall signatures, and it is not fact. A man from the audience said he does not know what the packet is. He interrupted and said that he does not know what Project 3 is. President Waller said he can discuss that at the end during public comment. President Waller said there has been discussions about who pays for what. She said we are currently in judicial review with the recall and waiting to hear on that. She said she has seen an email that her and Treasurer Waller are responsible for the costs which is not true. The District will have to pay for it and could be up to \$30,000. The District has already been billed \$12,811 with the amount billed at \$100 per hour and does not include the \$5,000 retainer for the costs of the DEO. Treasurer Waller said last August, Ms. Bertrand submitted an amended contract that removed day to day operations and duties from her and put those parts on to the Board. As part as the amended contract, she had additional services. One of those is DEO, and the contract listed the service at an hourly rate of \$85. Ms. Bertrand is currently

billing the District at \$100 per hour which is more than what her amended contract states. President Waller said in looking back at her contract, the DEO has always been separated out. She said she is tired of the threatening emails and it is ridiculous. Treasurer Waller said regarding her rates, most DEOs charge between \$50 and \$85 per hour, and we are being charged more than that. He recommends we dispute the rate based on her amended contract. President Waller wanted to say that they are not being investigated about anything and there is a rumor going around that they are being investigated for embezzlement. She stated that is not true. She said it has also been rumored that President Waller only wants to appoint board members and she doesn't like elections. She said that is also not true, and there will be an election next year and a 3-year term which is per SDA and Article 32. Treasurer Waller explained the process of signing the checks and said that no one on the Board has access or possession of the checks, the Manager has possession of the checks and only the Board members are signers. He explained that in the past, he was not officially a signer on checks last year because it was never submitted to the bank and Ms. Bertrand was the only authorized signer on the account then. President Waller said they have proof that she and former board members were the only one on the signature card with the bank up until February of this year and nobody from the current Board was official signers until they fixed it. He said he questioned her about it, but never got proof or documents from Ms. Bertrand on why it was not done or that she did it. President Waller said she lastly wanted to discuss a rumor that the 3 other Board members hired an attorney just for the Wallers which is not true. Wayne Williams and Jason Downie were hired for the District not the Wallers. She explained that no money has been paid for a lawyer to aid President or Treasurer Waller and the Board has great integrity and understands the money is for the District.

1. Operator's Report

- a. ORC Report: Mr. Willow reported to the Board that total water purchased this month totaled 36 loads. Bactine samples were taken and tested negative. He discussed the leaks and repairs and that he met with surveyor for the project. The meter project is scheduled to start June 1st and residents will be notified prior to work on their street and house. He said they are hoping to give at least a 24-hour notice before the water to house is shut off for repairs. Mr. Willow reminded residents that temps that are fluctuating, and it is still freezing overnight. He noted the frost line is still at 4 feet. Mr. Willow said he will stay after the meeting to answer any questions regarding water treatment and distribution.

2. Financial Matters

- a. Review of billing and collection status: Ms. VonFeldt said meters were read on April 1st and bills were sent out on April 8th. She said WSDM can now accept payments by phone and at the office and are close to being able to accept online payment via the website. There were 51 reminder letters sent out and 8 were due prior to 2019. 21 warning letters sent out and 12 shut off notices. The 2 shutoffs were completed, and one was turned back on with one still off and unoccupied. Ms. VonFeldt discussed the upcoming shutoffs for May. She said the feedback from community has been positive and they are happy about collection policies. She noted that back-due balances have been collected with 5 rate payers on payment plans that have them catching up within 6 months. Director Ortivez said it sounds like we are making progress with 51 reminder letters last month and only 13 this month is great improvement. Ms. VonFeldt said they are expecting to be ready for online payments in the next few days and will send out letters and emails with instructions to the online portal, and post instructions on the website as well.

- b. Review and Approve the Payment of Claims: Director Coffman moved to approve the general fund payment of claims. Mr. Walker clarified that it was for the general fund. The motion was seconded by Director Ortivez. Motion passed unanimously. Director Ortivez moved to approve the capital fund payment of claims totaling \$2,000; seconded by Director Hoel. Mr. Walker explained the rules and statute is to promptly pay reasonable expenses. If we do not pay the entire amount, we will need reasoning. The Board discussed the \$100/hour billed for the DEO when the amended contract states \$85/hr. Mr. Walker said they can go back and say the first \$100 payments were not reasonable, and to clarify we have not received an invoice from Mr. Downie, Mr. Williams or the DEO's attorney related to their expenses for the recall, so none of that is in the current number. There was a question last month on whether we would pay the retainer for the attorney, and we decided not to pay that. He said we have requested a detailed invoice from the attorney to possibly pay. President Waller recused herself from this discussion and left it up to the Board to decide what is reasonable charges and expenses. Treasurer Waller agreed and recused himself from the discussion. Director Coffman said we need to pay the \$1,800 for the Court Reporter, Hansen. Director Coffman suggested paying half the \$9,352. Mr. Walker said he does not have a recommendation one way or the other, but he does not think it is unreasonable to ask for the \$85/hour instead of the \$100/hour and that would be a rational way to do it. Mr. Walker said in anticipation of that, they calculated a number if billing at \$85/hour, and the total cost to date would be \$10,000. Director Ortivez moved to adjust the DEO rate to \$85 per hour; seconded by Director Hoel. Motion passed. Treasurer and President Waller recused themselves and did not vote.

- c. Review and accept the March 2019 Financial Statements: Ms. VonFeldt went over the March 2019 financial statements. She noted the profit and loss budget versus the actual. She wanted to point out the numbers versus the actuals, water purchases are over what was budgeted as well as repairs and maintenance, so will have to look at that. Mr. Walker noted the total income and expenses, and said the revenue side is always skewed in the first part of year due to lack of tax payments but should catch up and balance out once those revenues from taxes come in. Treasurer Waller asked if we have received funds from engineering grants since we can pull money and pay past expenses for Mr. Sommers. Mr. Walker explained that bond counsel will need to weigh in on this, which is not cheap or swift task. Mr. Walker said he has two bond counsels that will give us proposals for the end of the week since this requires special expertise from a bond underwriting counsel's opinion for the engineering grant so we can get it approved and do the back invoicing. He said it will probably be another 30 days. President Waller noted the District got their SAMS number required for the loans and grants. Director Coffman moved to accept the March Financials; seconded by Director Ortivez. Motion passed unanimously.
- d. Review Outstanding Debt and Liabilities – Impact on future fees and charges: Mr. Walker said the work on analyzing future loans for capital improvement projects is complete and his memo is in draft form. He would like it to be reviewed by the Board first and then it will be posted on the website for further discussion. He noted there are no different findings from the manager and State last year regarding the feasibility of covering those debts in question.

3. Other Business:

- a. Questionnaire Discussion: Director Hoel moved to table this discussion indefinitely; seconded by Director Coffman. Motion passed unanimously.

5. Public Comment:

Mr. Baker asked about who makes decision on fees and taxes. He discussed the tax payer's Bill of Rights, and said it clearly states the District residents are in control of that by a vote. President Waller agreed that is true.

Mr. Biondo asked Mr. Walker who hired Mr. Wayne Williams. Mr. Walker said the Board did at the last meeting. President Waller confirmed she and Treasurer Waller were recused. Mr. Biondo asked how much he charges. Mr. Walker said he charges \$150/hour for consulting and \$300 for legal. He asked how many hours he has worked. Mr. Walker said he does not have the exact amount and guessed 25 hours. Mr. Biondo said there are 365 homes in district and 200 signatures for a recall and most residents are part time and don't live here. He said he wonders why this Board is willing to spend thousands of dollars to retain board members

who are recalled. Director Coffman stated they have not been recalled. Mr. Biondo asked why the District is doing the construction projects. President Waller explained the projects and what the Engineers had found. Mr. Biondo responded that we should not listen to the engineers and we should not do the planned projects. President Waller stated his 2 minutes are up and he can submit his questions to the Secretary of the Board.

Mr. Brown said he thinks it is inappropriate to discuss the pamphlet and rumors, and he has always had an issue with the financial end of things due to problems with past Boards and bonds. He discussed taxes and how the District got charged with paying off the judgement against the district and the \$3 Million loan that we are considering. Mr. Brown said he is a well owner but finds that some of this stuff comes back to the entire District and not just those with water service. He said he is not sure we should do it even if we can get the loans and he is concerned about the finances. Mr. Brown said he would like to hear that the current Board and Management is in agreement and would like them to make the numbers more simple and discuss monthly payments for new loan. He is not comfortable with it even though we are authorized to do it. He thinks the rest of residents are concerned as well.

A gentleman asked if it is the opinion of the current Board to pay upwards of \$30,000 to retain the two individuals under recall. Director Coffman said we have an attorney who charges us for doing things and charges for Ms. Bertrand getting him to do things and we are paying him. Director Coffman said she thinks that President Waller and Treasurer Waller are worth keeping on the Board. Director Ortivez agreed that they are worth keeping on the Board, and the expenses are for legal. Director Ortivez said the basis of the recall did not seem fair, but if it is needed it should be done right by following the appropriate steps. Director Hoel said a lot of the recall was under false pretenses.

6. Adjournment:

Director Ortivez moved to adjourn the meeting at 7:30 p.m.; seconded by Director Hoel. Motion passed unanimously.

THE NEXT REGULARLY SCHEDULED MEETING WILL BE HELD ON WEDNESDAY,
MAY 15, 2019 at 5:30 p.m. at the NEW LOCATION, DIVIDE FIRE STATION, 103
CEDAR MOUNTAIN ROAD, DIVIDE, COLORADO 80814

Respectfully Submitted,
Walker Schooler District Managers

By: Kristina Kulick for the Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL APRIL 17, 2019 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

***THE OFFICIAL SIGNED COPY IS LOCATED AT WALKER SCHOOLER DISTRICT MANAGERS.

Jennifer Waller, President

Lucas Ortivez, Secretary

Craig Waller, Treasurer

Edith Coffman, Assistant Secretary

Lanny Hoel, Assistant Secretary