

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

November 20, 2019 at 5:30 P.M.

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

In attendance were Directors:

Edith Coffman, President
Lanny Hoel, Treasurer
Lucas Ortivez, Secretary
Allan Brown, Assistant Secretary
Stan Claassen, Assistant Secretary

Also in attendance were:

Lynn Willow, ORC
Lori VonFeldt, WSDM (by phone)
Members of the public (see sign-in sheet)

1. ADMINISTRATIVE MATTERS

- a. Call to Order & Declaration of Quorum: President Coffman called the meeting to order at 5:38 p.m. and confirmed all Board members were present.
- b. Confirm any Potential Conflicts of Interest: The Board confirmed there were no conflicts of interest.
- c. Discussion and Approval of the Agenda: Director Claassen requested an update on the website. President Coffman confirmed the website will be transitioned after January. Director Claassen requested a discussion of Mr. Willow's contract update. President Coffman explained Mr. Willow's contract is not up until April and she thinks there are too many items on the agenda to discuss that tonight. She offered to take it to a vote. Director Brown moved to amend the agenda to spend 5 minutes to discuss a process to update Mr. Willow's contract; seconded by Director Claassen. Director Ortivez said he would feel more comfortable waiting until Mr. Walker is there to discuss the process of Mr. Willow's contract. The motion failed due to lack of votes. Director Ortivez asked about agenda item 2.c. since he was absent for the Special Meeting. Ms. VonFeldt explained that Mr. Walker was reviewing the numbers and she did not have anything to present. The Board agreed to table item 2.c. until next meeting. Director Claassen asked about a budget discussion and the deadline for the budget. Ms. VonFeldt clarified that the mill levy must be certified by December 15th, but the budget does not have to be submitted to the State until the end of January. The Board added agenda item 2.d., Budget Discussion. Director Claassen moved to approve the agenda as amended; seconded by Director Ortivez. Motion passed unanimously.
- d. Review and Approval of the October Board of Directors Meeting Minutes: Director Claassen asked about the minutes stating the budget must be adopted by December 15th. Ms. VonFeldt explained the mill levy must be approved by December 15th. Director Claassen requested the minutes be changed to reflect that the budget does not have to be adopted by December 15th, but the mill levy must be certified tonight. Director Claassen moved to approve the October Board of Directors Meeting Minutes as amended; seconded by Director Ortivez. Motion passed unanimously.
- e. Ratify the absence of Lucas Ortivez at the 11/6/2019 Meeting: Director Brown moved to accept Director Ortivez's absence; seconded by Director Claassen. Motion passed unanimously.

2. FINANCIAL MATTERS

- a. Review of billing and collection status: Ms. VonFeldt reported in October there were 23 reminder letters, 12 warning letters, 8 shut-off notices and 0 shut-offs. There have been 20 reminder letters sent for November so far. Ms. VonFeldt noted Mr. Willow had turned off services to a customer for non-payment, and the customer went and turned themselves back on which is considered tampering and the District does have a fine up to \$10,000 for tampering. Mr. Willow said he rechecked the meter pit today, and they have picked the lock and opened it up again. Mr. Willow said he put on another master lock but may need to find a different solution since they are continuing to tamper with it. The Board will need to decide on whether to assess a fine. He noted that the house will be foreclosed, so the fine could be collected at closing when it sells. Director Claassen moved to assess a \$10,000 fine on the property for tampering; seconded by Director Hoel. Motion passed unanimously. The Board directed Ms. VonFeldt to move forward with the paperwork to file the lien on the property. Mr. Willow will attempt to make the meter pit tamper-proof and noted the customer has previously shot bullets into the air when Mr. Willow's assistant was working. Ms. VonFeldt reported that all new meter reads will be on January's billing.
- b. Review and approve the Payment of Claims: Director Claassen asked about Mr. Adam Fiedler's hours for snow removal. Mr. Willow said he will need to review his hours. The Board agreed to hold off on his payment until they can review. After review and discussion, Director Ortivez moved to approve the payment of claims; seconded by Director Claassen. Motion passed unanimously.
- c. Review and accept the October 2019 Financial Status: Director Claassen moved to accept the October 2019 Financials; seconded by President Coffman. Motion passed unanimously.
 1. Current Cash Status
 2. Review of Financial Analysis presented at November 6 workshop
- d. Budget Process
 1. Budget Hearing and Discussion: President Coffman opened the public budget hearing. Mr. Baker asked why the budget was blown by \$87,000. The Board explained it was mainly due to Recall expenses and water purchases. The Board discussed budgeted Director fees. The Board discussed District Management fees and that they were split into two different line items, but they will confirm with Mr. Walker. Mr. Willow noted that there may be an additional \$8,000 tap fee received in 2020 as revenue. Mrs. Williams asked about the line item for Title Pass Through received in 2018. Ms. VonFeldt said they are unaware what that line item was and have been unable to find any information on it, so that is why it is not budgeted for in 2020. She thinks it is something done by the previous District Manager, Ms. Bertrand. The woman from the public asked about late fees. The Board confirmed it is late fees from water billing. She also asked about interest income. The Board confirmed it is from all the bank accounts. Mrs. Williams asked why the District pays bank service charges. The Board explained commercial bank accounts charge fees. President Coffman closed the public budget hearing.
 2. Approve 2020 Budget Resolution: Director Claassen moved to approve the

2020 Budget Resolution as amended; seconded by Director Ortivez. Motion passed unanimously.

3. Approve Amended 2019 Budget: Director Claassen asked about the \$3,500 line item for bank service charges since \$500 has only been spent to date. The Board agreed to amend bank service charges to \$750 for the 2019 amended budget. The Board discussed legal costs and Ms. VonFeldt noted they have yet to receive an invoice from Mr. Downey after months of requests. The Board changed the legal costs to \$20,000 for the 2019 amended budget. Ms. VonFeldt confirmed the amended total expenses for 2019 is \$292,468.88 and the difference is \$87,403.88. President Coffman signed the approved Amended 2019 Budget.
4. Approve Mill Levy: Ms. VonFeldt confirmed the mill levy is 24 mills. Director Claassen moved to approve the mill levy; seconded by Director Hoel.

3. OLD BUSINESS

a. Review of Meter project status

1. Project status: Mr. Willow reported that all meters were installed. He explained that they are working out the bugs in the system with billing and meter reads. The Board discussed the issues with the new billing currently and the time it is taking to work these problems out. The Board discussed 20 faulty meters that were installed that are reading incorrectly. Director Brown stated that Mr. Sommers should have provided an installation and test plan. Mrs. Marilyn Callan said Velocity told her that her meter was initially installed backwards, and they had to come and fix it. President Coffman noted she brought that up with them and they told her it was impossible due to the fittings, but that is not true, and it actually was installed backwards. Mr. Willow confirmed that there were continuing issues and that he is working the meter distributor Dana. 11 meters were reset and are now reading gallons instead of hundredths of gallons. Mr. Willow noted they were able to read 130 meters from the truck in a minute and a half. Mr. Willow discussed there were a few meters they double-checked because the usage was high compared to old usage, but they also had 20-year old badger meters. Mr. Willow noted that water sales will most likely increase 15 to 20% with the new meters. Director Brown commented that Mr. Sommers should have provided a testing and acceptance process to facilitate the turnover. Mr. Willow explained that he was programming and activating the meters as they were installed; Director Brown clarified that his criticism is with Mr. Sommers who designed the system but did not provide an acceptance process and as a result, the meters are now in a varied state of workability that Mr. Willow is having to go through and fix it. Mr. Willow agreed. Director Claassen asked if AquaWorks is not charging extra to fix this. The Board discussed they may be incurring additional expenses for Mr. Willow. The Board confirmed the billing system is still on track, but Mr. Willow is spending a lot of additional time he doesn't need to spend on this.

Mr. Willow confirmed it is time consuming. President Coffman discussed that some customers have not received their water bill because the usage was showing so high, and others who did receive their bills their usage is much higher than usual. President Coffman discussed that her usage has almost doubled with the new meter reads but that Mr. Willow had checked it and it was accurate. Mr. Willow explained that with the old meters, usage would go down because the meter was wearing out and getting old. The Board discussed gathering data on average usage to compare and help explain to customers. President Coffman discussed a conference call she had with Mr. Sommers and Mr. McElroy and Walker Schooler District Managers. She said that Mr. McElroy said they had a few meters come in with digits that were wrong, and Ms. Hardekopf confirmed she counted 20 faulty. Mr. McElroy confirmed on that call to President Coffman that all the meters were a part of one shipment. President Coffman said she doesn't think this was done well and there was no formal process. She said she also asked if they recorded the location and meter number and additional information on these meters to Ms. Hardekopf and Mr. McElroy said no. Mr. Willow clarified they provided all the meter information except for the GPS numbers and he provided that information to Mr. Walker at the last meeting. The Board discussed that they should not have installed faulty meters, and Mr. Sommers should have provided an installation and test plan. Mrs. Marilyn Callan discussed that here meter was installed backwards and despite protests that it was not possible, Mr. Willow confirmed the fittings are the same size on both sides, and there were 3 meters installed backwards that had to be fixed that he is aware of.

2. Plan for resolving outstanding issues: President Coffman informed the Board that Mr. Walker is going to provide a complete explanation of what went wrong with these meters and the very high usage summaries and the plan for moving forward at the next meeting. The Board confirmed that bills are still going out and they are addressing the billing issues as they come up. Some bills do not include water usage on them, so they are trying to figure out how to move forward.

3. OPERATOR'S REPORT

- a. ORC Report: Mr. Willow went over pump testing that was done at the wells. 2 wells did not make it through testing due to running out of water at the end, and 2 wells will probably need to have upgraded pumps but that depends on if they install the new buildings with booster pumps. The Board directed Walker Schooler District Managers to request a schedule and priority list from Mr. Sommers.

4. NEW BUSINESS

- a. Approve Annual Administrative Resolution: Director Claassen moved to approve the Annual Administrative Resolution; seconded by Director Ortez. Motion passed unanimously. Director Claassen moved to delete paragraphs 21 and 31 that reference Mr. Downey as the DEO from the Annual Administrative Resolution; seconded by

- Director Brown. Motion passed unanimously.
- b. Approve 2020 Election Resolution: Director Claassen moved to approve the 2020 Election Resolution. The Board discussed changing the District's DEO. Director Claassen withdrew his motion to approve the 2020 Election Resolution. The Board agreed to discuss this further with Mr. Walker at the next meeting. The Board discussed cost-effective DEO options.
 - c. Approve Meeting Notice Resolution: Ms. VonFeldt explained the Resolution allows the District to post meeting notice online 24 hours before the meeting. Director Ortivez moved to approve the Meeting Notice Resolution; seconded by Director Hoel. Motion passed unanimously.
 - d. Change to monthly billing
 - Posting of notice for a public meeting regarding changes to rates and charges – monthly billing, change fees and charges to reflect monthly billing
 - e. Newsletter for residents – Director Brown discussed the newsletter that will be sent out with December's billing and a planned second mailed newsletter. He noted it will direct residents to the website and request email addresses for those who are interested. A woman from the public said she did not see the notice for the November 6th Special Meeting on the website. Ms. VonFeldt explained there were issues with logging into the District's current website, but once the website is transitioned over to the State's website these issues should be resolved. The Board noted a change to monthly billing has not been officially approved but the goal is January, so Director Brown will edit that in his newsletter. Ms. VonFeldt noted each Board member will need to sign the signature cards for Eastern Colorado Bank that authorizes them as signers on the account.

5. OTHER BUSINESS

6. **PUBLIC COMMENT:** President Coffman opened the meeting to public comment. A woman from the public complimented the Board and said they are getting off to a great start and getting things resolved. She added that she likes that the Board is questioning things.
7. **ADJOURNMENT:** Director Brown moved to adjourn the meeting at 7:57 p.m.; seconded by Director Ortivez. Motion passed unanimously.

THE NEXT REGULARLY SCHEDULED MEETING WILL BE HELD ON WEDNESDAY, DECEMBER 18, 2019 at 5:30 p.m. at the 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 NOVEMBER 20, 2019 MINUTES
OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF
DIRECTORS SIGNING BELOW:

Edith Coffman, President

Lucas Ortivez, Secretary

Lanny Hoel, Treasurer

Allan Brown, Assistant Secretary

Stan Claassen, Assistant Secretary