

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

June 3, 2020 at 5:30 P.M.

Via Telephone and Video Conference Call

**In attendance were Directors:**

Allan Brown  
Stan Claassen  
Edith Coffman  
Elizabeth Douglass  
Lanny Hoel

**Also in attendance were:**

Jason Downie, Susemihl McDermott &  
Downie, P.C.  
Kevin Walker, WSDM  
Mike Groselle, AquaWorks  
Lynn Willow, ORC  
Members of the public (See sign-in sheet)

**1. ADMINISTRATIVE MATTERS**

- a. Call to Order & Declaration of Quorum: Director Coffman called the meeting to order at 5:30 p.m. and confirmed all Board members were present.
  
- b. Confirm any Potential Conflicts of Interest: All Board members confirmed there were no conflicts of interest.
  
- c. Discussion and Approval of the Agenda: Director Claassen asked if the Board was able to do everything tonight that allows us to execute the loan, the construction agreement as quickly as possible. Mr. Walker confirmed they can do that but noted they do not have all the documents because they are still awaiting details. The loan documents are not here but by passing the resolution approving the loan, the Board authorizes the execution and delivery of the documents. The Resolution authorizes the appropriate officers of the District to sign and execute the loan. Mr. Walker noted they can also delay the passing of the Resolution until they have all the documents. Director Claassen asked about a Resolution that authorizes the execution of construction contracts. Mr. Walker confirmed that could be added to the Agenda under 2.c. – Authorizing the appropriate officers to execute other documents related to the construction including final contracts for the contractors, etc. Director Claassen discussed the remaining details for the documents are boilerplate and that he would like to be able to get the contracts signed as quickly as possible.

Director Claassen moved to approve the Agenda with the addition of item 2.c.; seconded by President Coffman. Motion passed unanimously.

**2. APPROVAL OF CONSTRUCTION LOAN AND ENTERPRISE DESIGNATION RESOLUTIONS**

- a. Consider approval of Resolution 2020-06-01 - A Resolution Approving A Loan From The Colorado Water Resources And Power Development Authority; Authorizing The Form And Execution Of The Loan Agreement And A Governmental Agency Bond To Evidence Such Loan; Authorizing The Execution And Delivery Of Documents Related Thereto; And Prescribing Other Details In

Connection Therewith: Mr. Walker explained the authorizing resolution allows the Board Officers; President, Treasurer and Secretary, to execute the loan documents and outlines the specifics around the loan documents that have been discussed for the past several months. A \$1.5 Million loan with a \$400,000 principal forgiveness, the term is 30 years with a 0.5% interest rate. Mr. Walker noted the resolution was drafted by bond counsel and is standard language. Mr. Downie said the resolution is almost identical to the one the Board entered into last year for the \$300,000 grant. It authorizes the Board officers to execute the loan documents within certain parameters to get to closing. Director Claassen asked about section 3 paragraph b, where it says the loan will not exceed \$1.5 Million and he thought it was for \$1.1 Million. Mr. Walker explained the District will get \$1.5 Million to spend, but the District only must pay back \$1.1 Million. Director Claassen asked about section 3, first paragraph that states that anybody can determine the interest rate, and other specifics on the loan but in section 10 it says designated authorized officers which seem to be in conflict. Mr. Downie said they can change that to make it consistent with only designated board officers. Director Claassen discussed section 10 where it authorizes the board officers and asked if it should require 2 signatures. Mr. Walker confirmed the loan documents will require 2 signatures, the President's signature and 1 attest either the Treasurer or Secretary. Mr. Downie confirmed the closing document is drafted for the Board President and Board Secretary's signature. Mr. Walker said he could clarify the language. Director Claassen moved to accept the loan Resolution 2020-06-01 - A Resolution Approving A Loan From The Colorado Water Resources And Power Development Authority; Authorizing The Form And Execution Of The Loan Agreement And A Governmental Agency Bond To Evidence Such Loan; Authorizing The Execution And Delivery Of Documents Related Thereto; And Prescribing Other Details In Connection Therewith as revised; seconded by Director Brown. Motion passed unanimously.

- b. Consider approval of Resolution 2020-06-02 – Affirming the District's Water Activity Enterprise and Making Other Findings and Providing Details in Connection Therewith: Mr. Walker explained this is a technicality in terms of how we are operating the District. Mr. Walker explained the District has operated from the beginning as an enterprise. An enterprise is an operation that takes in fees and provides services based on those fees. An enterprise cannot take in more than 10% of its operating revenues from property or sales taxes or grants from the state of Colorado. Mr. Walker noted the last time the District passed a resolution on this was in 2012, but every past audit since 2013 includes a statement that the Board is operating as a water enterprise. This resolution is a formal step that shows the District is qualified to accept this loan from the State of Colorado. Mr. Downie confirmed the District has been running as a water enterprise and they did not exceed the 10% so they are a qualified enterprise and the formal resolution is for the loan. President Coffman asked about the amount needed for the reserves. Mr. Walker explained it is 10% for all loans so basically, they will need to set aside roughly \$245,000 for all the loans based on the auditor's review. Mr. Walker confirmed this would not adversely affect the District's cash position. Mr. Walker recommended they modify the Balance Sheet to show an account that has the \$245,000 reserve and update it yearly based on the principal paid as well as an Operating Reserve line item. Director Douglass

noted changing the account names on the Balance Sheet to make them more accurate. Mr. Walker also noted the District will not need to do a budget amendment according to the Auditors and the attorneys if the District performs the audit. Director Claassen moved to approve Resolution 2020-06-02 – Affirming the District’s Water Activity Enterprise and Making Other Findings and Providing Details in Connection Therewith; seconded by Director Douglass. Motion passed unanimously. Mr. Downie left the meeting.

- c. Authorizing the appropriate officers of the District to execute other documents related to the construction including final contracts for the contractors, etc.: Director Claassen discussed exploratory work to determine where the rock is and explained that Mr. Sommers budgeted \$3,000 for this and wanted to do it on Friday. Mr. Groselle explained the contractor does not have the Teller County permit yet, so he is not able to perform the exploratory work on Friday. Director Claassen noted this item is outside of the scope of the construction agreement and asked if it could be done under a maintenance item. Director Claassen would like for Mr. Sommers or Mr. Groselle to be authorized to do this because the exploratory work will help the District make decisions on cost of rock excavation and help the contractor determine which equipment is best for the project. Director Claassen said he thinks it would be in the District’s best interest to invest the \$3,000 or \$4,000 in this work.

Director Hoel moved to authorize the construction agreements with the contractors based on the contract documents and bid specifications in AquaWorks Construction Administration Contract per last month’s discussion and changes and other construction related documents required to begin the construction; seconded by Director Claassen. Motion passed unanimously.

Mr. Walker discussed the rock exploration and noted that if the District did not close on the loan, they would be obligated to make a payment for the work. Mr. Walker asked what the cost would be. Director Claassen said that Mr. Sommers had budgeted \$3,000 but there was no other information other than that was his estimate for what it would cost. Director Claassen discussed if they used a backhoe it would be more disruptive and he thinks rock drills could be rented for a few days for \$1,000 and they could drill a bunch of holes to get an idea of what rock they will run into. He added this could help make decisions and there are insulation options that Mr. Sommers has come up with to get around the rock at various levels. Director Claassen said he wanted to ask Mr. Willow where we are most likely to hit rock at a higher level so they could start the exploration there. Mr. Walker noted that Mr. Willow was trying to call into the meeting. Director Claassen said he would also like to have a meeting with AquaWorks on means and methods because he thinks they would get a lot more exploration done using a rock drill versus a backhoe. Director Douglass asked about having to fix the roads if a backhoe was used. Director Claassen said they would have to backfill the roads and it is a lot more invasive. He asked what the objections are to the rock drill method. Mr. Groselle explained they brought up the rock drill option with the contractor and he asked if there was a rock drill available. Director Douglass asked what the cost would be for the trencher. Mr. Groselle explained they are trying to determine if they will need to use a trencher or a backhoe to dig out the trenches. The trencher is more appealing to them if

they will get money for rock because it costs so much to have it at the site. Mr. Willow noted there was only one house on Lower Gerka where they had to move the meter pit a few feet due to rock. That area was excavated in the past to install the existing service line. Mrs. Callan asked who would pay for the trencher. Director Claassen said the contractor would pay for it and discussed that is why the contractor would only want to bring it out if they are going to hit a lot of rock. Director Claassen discussed having the Board authorize up to \$4,000 to have someone such as Mr. Fiedler or Mr. Willow or the contractor to perform the exploratory work by renting the necessary rock drill and equipment. Director Claassen noted the loan will not be approved until June 15, 2020 so there are a few weeks to make good use of time. Mr. Willow estimated 25% of the lower end of the subdivision may have rock problem areas. Mr. Willow also noted for the rock exploration drilling, they may need a licensed excavator who is bonded for the roads and we would have to purchase the Road Cut Permits which can be \$300 to \$350. After clarification, Director Claassen moved to authorize Mr. Willow to spend up to \$4,000 with Native Sun for rock exploration with the concurrence of AquaWorks and Director Claassen as representative of the Board; seconded by Director Douglass. Motion passed unanimously.

### **3. OLD BUSINESS:**

- a. Status update on the Proposed Water System Upgrade project: There was no additional discussion.

Director Hoel asked why Mr. Willow was not notified of the pre-construction meeting tomorrow with AquaWorks, Native Sun and Director Claassen. President Coffman said that anytime there is a conference or meeting, the Board needs to know as well as Mr. Willow and Mr. Walker and she was not told as the President of the Board. Mr. Walker said he will make sure the Board and Mr. Willow is informed of the scheduled meetings.

Director Douglass asked Mr. Groselle about their sampling method standard. Mr. Groselle explained they typically have that for installation of new water lines with bore testing which is similar to rock drilling. A Geotech usually drills a small hole until they hit refusal and that is how they determine the depth and material.

Director Douglass stated that she was not comfortable with the fact that we did not know very much about the contractors, so she did Google searches and she did not find any negative reviews about them.

- 4. NEW BUSINESS:** Director Douglass explained that she is a part of the Arabian Acres Wildfire Protection Group and they look to mitigate Arabian Acres and Trout Haven since they have been deemed #1 and #2 for a fire risk in Teller County. A resident reached out and asked about fire mitigation around the pond that is owned by the District. In the past, Tip Top had mitigated around Control Building A, but no other mitigation has been done. They are currently working with the Coalition of the Upper South Platte and they have cost-sharing grants for individual property owners to mitigate their property where they pay 40% of the costs. Director Douglass just wanted to inform the Board of the cost-sharing grants available. President Coffman noted the liability of the District owning the property where the pond is. Mr. Walker said he will

review the declaration of the insurance to make sure they recognize there is a pond there. He noted they do have general property liability insurance coverage. President Coffman discussed the POA giving the District the key to the gate at the pond since it is owned by the District. She also discussed tables that are vandalized that need to be fixed. Mr. Winterer commented the POA should be responsible for maintaining the pavilion since they built it. Director Hoel said the POA is aware they are responsible, and they had a discussion today about purchasing new tables and installing cameras to prevent future vandalism. Director Hoel added that he can open the gate or give the combination to anyone who needs it. Mr. Winterer noted a large tree near the pond that may be in danger of coming down on the pavilion, but he is unsure who is responsible for it. Director Douglass noted we may need to reach out to the individual property owners. Director Hoel said he will be sure to check it out.

**5. OTHER BUSINESS:** There was no discussion.

**6. PUBLIC COMMENT:** Mr. Winterer complimented the Board for doing a good job and moving in the right direction. He feels happy to see everyone getting along and working together.

**7. ADJOURNMENT:** Director Brown moved to adjourn; seconded by Director Douglass. Motion passed unanimously at 6:55 P.M.

Respectfully Submitted,  
Walker Schooler District Managers

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By: Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 3, 2020 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

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Allan Brown

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Stan Claassen

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Edith Coffman

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Elizabeth Douglass

