

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

May 21, 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:

Lynn Willow, ORC
Kevin Walker, WSDM
Adam Sommers, AquaWorks
Mike Groselle, AquaWorks
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 requested discussion on monthly billing be added to the Agenda under Old Business. Mr. Walker noted they will be moving the Operator's Report to earlier in the Agenda, after the Election of Officers. Mr. Walker suggested having a discussion with Mr. Ray earlier in the Agenda as well after the Operator's Report. Director Claassen moved to approve the Agenda as amended; seconded by Director Hoel. Motion passed unanimously.
- d. Election of Board Officers: Director Hoel nominated Edith Coffman for President. Director Brown nominated Stan Claassen. Director Claassen discussed his experience in construction and with the construction project the District will be involved in for the next few months he thinks he would be a good candidate. He noted they may need to make decisions quickly during the construction process and there may be motions that the President be allowed to sign documents. Director Coffman asked if he is proposing as President, he would take on the responsibility to accept and sign off on something without consulting the other Directors. Director Claassen stated absolutely not unless the directors directed him to do that. Director Coffman stated that she thinks all directors need to be involved in everything. Directors Claassen and Coffman accepted their nomination. Director Coffman said that she brings a lot of years of experience with the water district and she thinks she has done a good job and will continue to do a good job. Edith Coffman was elected President by a vote of 3 to 2. President Coffman nominated Stan Claassen for Treasurer. Director Claassen accepted his nomination. Director Claassen was elected Treasurer. President Coffman nominated Elizabeth Douglass for Secretary. Director Douglass accepted her nomination. Director Douglass was elected Secretary. President Coffman stated that we are embarking on a big project with a lot of paperwork and she feels that Director Claassen is the best person for the job of

Secretary, and she is glad that the Board agrees. She also noted that Director Douglass lives nearby so when there is a need to verify documents she will be right there.

- e. Review and Approval of the April 22, 2020 Board of Directors Meeting Minutes: Director Douglass moved to approve the April 22, 2020 Board of Directors Meeting Minutes; seconded by Director Brown. Motion passed unanimously.

2. FINANCIAL MATTERS

- a. Review of billing and collection status: President Coffman asked how much is left in the grant to pay AquaWorks and noted an invoice for \$11,000. Mr. Walker explained there is approximately \$40,000 remaining but he does not have the specific number. Mr. Walker confirmed the work on the wetlands study has been completed. President Coffman asked for clarification on invoices from Dana Kepner. Mr. Walker explained they are still working on getting more detailed information from the invoices, so he is holding the check. President Coffman proposed that during this time that the Board is meeting virtually, Mr. Walker prepare the checks to allow the 2 Board members to sign prior to the Board meeting and then returned to Mr. Walker to hold on to. The Board will direct Mr. Walker which payments and checks are approved at the meeting. After discussion, Director Douglass moved to authorize Mr. Walker to prepare the checks to sign prior to the Board meeting where they will be approved; seconded by President Coffman. Motion passed unanimously. President Coffman asked about a mailing service invoice. Mr. Walker explained the charges are for the water billings that are mailed monthly.
- b. Review and approve the Payment of Claims: Director Brown moved to approve the Payment of Claims as presented; seconded by Director Douglass. Motion passed unanimously.
- c. Review and accept the April 30, 2020 Unaudited Financial Status: Director Claassen moved to accept the April 30, 2020 Unaudited Financial Status; seconded by Director Brown. Motion passed unanimously.
- d. Loan closeout for Meter Project: Mr. Walker reported they have completed the meter project and all the bills have been paid and lien wavers taken care of. We have spoke to the State about their process and they have submitted paperwork for us to sign saying the project is closed out. The total project was \$214,459 rather than the projected \$240,000 or \$404,000 that was authorized so that is good news. That will change the payment to \$23,688 per year from \$27,614 due on May 1, 2021 and every year going forward. Mr. Walker requested a Board vote to close the project and authorize President Coffman to sign the documents to close out the loan. Director Douglass moved to authorize President Coffman to sign the documents to close out the loan; seconded by Director Claassen. Motion passed unanimously.

Mr. Walker discussed the new District SIPA website that should be moving forward in the next 60 days since President Coffman has signed the paperwork.

- e. Update of Financial Model with projected loan payments

3. OLD BUSINESS

- a. Status update on the Proposed Water System Upgrade project

- i. Loan application status: Mr. Walker updated the Board on the loan application which was approved by the Colorado Water Conservation Board. They are working on all the loan documents and it should not take long to get the loan closed and the project started. Work is being done on the documents for the grant that goes along with the loan as well.

- (a) Need approval of Engagement Letter for KC Veio as Bond Counsel: Mr. Walker explained to get the loan done, the District will need to hire bond counsel. Last year, the State allowed the District to use Mr. Downie's office, the District's legal counsel, but that is not allowed this year. Mr. Walker was provided with 4 names for bond counsel and he added a few of his own recommendations. 3 proposals were received back ranging from \$7,500 to \$12,500. The low bid was received from KC Veio for \$7,500 and he is ready to do the work if the Board approves his engagement letter. Mr. Walker explained bond counsel prepares all the documents to get us to closing for the loan. He would represent the District in the loan procedure, and the State requires a qualified bond counsel. Mr. Walker recommended the Board approve the engagement letter from KC Veio if the Board wants to move forward with the project. Director Claassen moved to approve the Engagement Letter for KC Veio as Bond Counsel; seconded by Director Brown. Motion passed unanimously.

- (b) Loan docs being reviewed

- (c) Establish a special meeting date for approval: Director Hoel moved to schedule the special meeting for June 3, 2020 at 5:30 PM; seconded by Director Claassen. Motion passed unanimously.

- ii. Plan review status – Plans officially approved

- iii. Project Bid Status

- (a) Review of bid tabulations: Mr. Sommers reported that they had a great turnout for bids. The low bidder on the treatment project is Glacier Construction and Mr. Sommers has worked with them before and thinks they would be a good fit for the project. Native Son Construction was the lowest bidder for the distribution system. Mr. Sommers has not heard of them before the bidding process, so he called around and they are currently wrapping up a project for the City of Cripple Creek and they had nothing but good things to say, so Mr. Sommers would recommend going with them. Mr. Sommers noted the District will not want to sign any contracts with contractors before the loan has closed.

- iv. Discussion of options for bids: Mr. Sommers discussed the menu of options for bids. He recommended the Board proceed with Alternate B on the treatment system which is everything except for the water storage tank. The water tank came in at \$300,000, so given the big expense Mr. Sommers thinks the District's money is

better spent on the Distribution system and replacing pipe. Mr. Sommers discussed the budget breakdown and the award of \$706,000 for Glacier Construction and award a contract for \$1.4 Million to Native Son Construction. This would allow for a \$200,000 contingency in case of change orders or other issues. If there is no need for a contingency, the plan is to increase the contract for Nate & Son to wherever it is appropriate at that time. It would be a simple process with a change order since the District already has the unit prices. Director Claassen said he thinks the scope of work that Mr. Sommers has proposed is appropriate and the best use of the District's money and includes a decent cushion for change orders and rock. Director Claassen recommended getting the contractor started as soon as possible. Mr. Sommers said he thinks the loan has been executed, so that will help expedite things. Mr. Walker explained they will have to hold a special meeting which requires 24-hour advanced notice to adopt the Resolutions that are based on the final documents.

Director Claassen moved to accept the Notices of Award for both contracts. Director Douglass asked if it is accurate by approving the two contractors, they are allowing a further look at them, and asked why there are two contractors for the job. Mr. Sommers explained there are two contractors because of the different disciplines of construction. Director Douglass noted that Mr. Sommers has never worked with Native Son before and asked if they were appropriately vetted. Mr. Walker said he independently spoke with their references and they were not glowing recommendations, but they were solid, they did what they said they were going to do and completed the work on time. Director Douglass asked about the decision to not replace the water storage tank and asked if we have enough storage for the current situation. Mr. Sommers explained that from what he understands, the water tank storage would be just fine unless there is a break in the line or a significant leak. The fact that they will be replacing most of the distribution system will reduce the likelihood of breaks and leaks. Mr. Walker noted he spoke with Mr. Willow about the water storage tank, and he understands that replacing most of the distribution system will help with the concerns with the existing water tank. Director Douglass asked what percentage of the line we will be able to replace with and without the tank. Mr. Sommers said we would be able to replace an additional 4,500 feet of pipe at \$67 per foot. Mr. Groselle explained it would be roughly 85% of the distribution system and noted the areas that the Board agreed did not need to be replaced. Mr. Walker explained there is still the chance to modify or discuss the distribution of money at future meetings. Director Claassen noted he is happy with what we will be able to accomplish. Director Hoel seconded Director Claassen's motion. Mrs. Callan asked if the wells are replacing other wells or additional. Mr. Sommers explained one is a new well near Control Building A and the second well is a re-drill of well #3 because it is so shallow. Motion passed unanimously.

Mr. Walker discussed things that will help keep the project moving forward. First is Mr. Sommers' contract to pay him for the time he has spent the last few weeks putting together the project bid package and moving forward with Project

Engineering and having Mr. Groselle on site during the project. Mr. Walker noted that he has sent the contract to Mr. Downie, but he has not had a chance to review the indemnification language, but he wanted Mr. Sommers to know that the Board will be moving forward with him if they can work out the final contract language with legal counsel. Director Claassen moved to approve the agreement for services for AquaWorks and the hiring of the Project Engineer subject to finalization of language in the contract; seconded by Director Brown. Motion passed unanimously.

Mr. Walker requested authorization for President Coffman to sign the application for the two well permits. Director Claassen moved to authorize President Coffman to sign the application for the two well permits; seconded by Director Brown. Motion passed unanimously. Mr. Walker thanked the Board and Director Claassen for his efforts during the process.

Mr. Walker reported he advertised the discussion of monthly billing for the regularly scheduled meeting in June. Mr. Walker noted he would have more information on how to structure the fees with the change to monthly billing at the June meeting.

Director Claassen requested Board approval for Mr. Sommers to provide him with a hard copy of the plans, but not the specifications. He noted it would help him a lot while he is looking over the project this summer. Mr. Walker said he can provide a copy for him as well as anyone else who would like one.

4. OPERATOR'S REPORT

- ORC Report: Mr. Willow reported that Bac-T samples were taken for the month and were negative. The filter was replaced on Control Building B on May 13, 2020 and Mr. Willow noted he will begin replacing the filter weekly. He has been working on a big project removing the leaky flush hydrants on Upper Gerka in Denwood and they are no longer leaking. Meters were read and recorded. Mr. Willow discussed that the CDC has determined that COVID-19 can only live for a short period of time in water and it is not present in groundwater. Our standard disinfectant practices are sufficient to kill this and all other viruses for potable water. Director Brown asked if all the new meters are working properly. Mr. Willow confirmed they are working properly and noted they had one meter pulled today to be tested due to a customer request. Mr. Willow confirmed there was a 100% on the last meter reading. Director Brown asked if there are spare meters in case one goes down. Mr. Willow confirmed he had 3 spare meters and now has 2. Director Claassen asked about the total water pumped. Mr. Willow confirmed it is for one month. Director Claassen said he thought the average usage is higher than it was, and it used to be 10,000 gallons per month. Mr. Willow clarified that an accurate average usage in the District is 500,000 gallons per month. Mr. Walker explained that the 10,000 gallons is more like per day usage. The Board thanked Mr. Willow for his report.

5. NEW BUSINESS: There was no discussion.

6. OTHER BUSINESS: There was no discussion.

7. PUBLIC COMMENT: President Coffman opened the meeting for public comment and allowed Mr. Ray to make his comments. Mr. Ray thanked President Coffman for her response last weekend during their problems with water quality and quantity. He also thanked Mr. Walker and Mr. Willow for their help. Mr. Ray explained they have been having water quality issues since the new meters were installed. He noted it seemed to improve after Mr. Willow performed the flush-out and filters. Mr. Ray discussed that they continue to have quantity problems and their water usage has gone up 3x from what they used before per two-month cycle. Mr. Ray would like to identify what the issue is with their quantity. He would also like to know if there is an end point to the fees and what the new Board plans to do. Mr. Walker explained the work they have done to address Mr. Ray's water quality issues including the flush-out and changing of the filters. Mr. Walker discussed how they are addressing the quantity issues including bucket tests. They have replaced the meter and sent the other meter to be tested by Dana Kepner. Mr. Walker noted they will monitor the new meter and will try to adjust the billing based on what they find out. President Coffman explained the electricity just went out in the area during the meeting, so those who were on video conference may have been dropped from the meeting. President Coffman discussed the fees and explained they will need to see what the capital improvement plan will cost per year and she noted the Board will be discussing the change to monthly billing as well.

Mr. Winterer thanked the Board and Mr. Walker as well as AquaWorks for their work on the project.

Mr. Walker noted that with the reduction in the loan closeout and the 0.5% interest 30-year loan, the District will be saving \$45,000 to \$50,000 per year based on the financial model Mr. Walker had done. He noted this means it is possible the Board could entertain a reduction in the capital improvements fee in October or November when the Board discusses the budget. President Coffman stated that is wonderful news and it would be wonderful to be able to announce to the water customers of this District that we may be able to reduce a fee and the Board is working on their behalf and in their interest.

8. ADJOURNMENT: Director Hoel moved to adjourn; seconded by Director Douglass. Motion passed unanimously at 7:20 PM.

Respectfully Submitted,
Walker Schooler District Managers

By: Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL MAY 21, 2020 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Allan Brown

Stan Claassen

Edith Coffman

Elizabeth Douglass

Lanny Hoel