

## RECORD OF PROCEEDINGS

---

### MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE ARABIAN ACRES METROPOLITAN DISTRICT HELD SEPTEMBER 17, 2014

A regular meeting of the Board of Directors of the Arabian Acres Metropolitan District (the "Board") was duly held on Wednesday, September 17, 2014, at 6:00 p.m., at the Police Department, Community Room, 911 Tamarac Parkway, Woodland Park, Colorado. The meeting was open to the public.

#### ATTENDANCE

##### Directors In Attendance Were:

Edith Coffman  
Lanny E. Hoel  
Robert "Elric" Winterer  
Wade Holder

##### Also In Attendance Were:

Peter Italiano; Special District Management Services, Inc.  
  
Joan Fritsche, Esq.; Collins Cockrel & Cole, P.C.  
  
Lynn Willow; District Operator  
  
Kurt Kofford and Josephus Le Roux; BiggsKofford, P.C.  
  
Members of the Public; see attached list

#### DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest to the Board of Directors and to the Secretary of State. Director Coffman noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. It was noted that there were no conflicts.

#### ADMINISTRATIVE MATTERS

Agenda: Director Coffman reviewed the proposed Agenda for the District's regular Board Meeting.

## RECORD OF PROCEEDINGS

---

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

**Appointment of Director:** Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board appointed Rebecca Seaman to the Board of Directors. Director Coffman administered the Oath of Office.

**2013 Audit:** Mr. Kofford reviewed the 2013 draft Audited Financial Statements with the Board.

Following review and discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board approved the 2013 Audited Financial Statements and authorized execution of the Representations Letter.

**Minutes:** The Board reviewed the Minutes of the August 20, 2014 Regular Meeting.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, with Director Seaman abstaining, the Minutes of the August 20, 2014 Regular Meeting were approved.

### **PUBLIC COMMENTS**

Ms. Callan addressed the Board and requested a transcript of the settlement negotiations. Attorney Fritsche replied to Ms. Callan and explained that the Settlement Agreement with Special District Management Services, Inc. and Collins Cockrel & Cole, P.C. agreed to by both parties because the District owed Special District Management Services, Inc. for services dating back to June 2013 and Special District Management Services, Inc. could not afford to continue to represent the District. She noted that Collins Cockrel & Cole, P.C. would also terminate their contract if Special District Management Services, Inc. or other reputable management companies was not involved and its fees were not paid.

Attorney Fritsche stated that when the District Board enters into executive session to discuss a legal settlement, there is no public record kept of detailed negotiations. The terms here agreed to by the parties and the District Board engaged Special Counsel to advise them and answer questions.

## RECORD OF PROCEEDINGS

---

- Ms. Caneign addressed the "5 year plan" – was Special District Management Services, Inc. and Collins Cockrel & Cole, P.C. included?
- Mr. Scott addressed the Board with questions about:
  1. Report showing amounts budgeted for balance of 2014
  2. Accounting firms (CPA's) how often is Special District Management Services, Inc. books reviewed
- Ms. Williams addressed the Board regarding, reducing costs by limiting attendance by Counsel and using phone as remote attendance.  
  
Mr. Williams addressed the Board regarding:
  1. When do Special District Management Services, Inc. and Collins Cockrel & Cole, P.C. contracts expire?
  2. New contract- when will it be looked at?
  3. Is a 30 day termination included?
- Mr. Riechel addressed the Board regarding Bond/taxes and shortfall.

### OPERATOR'S REPORT

Monthly Production and Results of Quality Tests: Mr. Willow reviewed the Operator's Report, attached hereto.

### FINANCIAL MATTERS

Claims: The Board considered approval of payment of claims through the period ending September 17, 2014, totaling \$31,356.02.

Following discussion, upon motion duly made by Director Holder, seconded by Director Winterer and, upon vote, failed with Directors Coffman, Hoel, Seaman and Winterer voting "NO" and Director Holder voting "YES", the Board determined not to table payment of claims.

Following discussion, upon motion duly made by Director Seaman, seconded by Director Hoel and, upon vote, carried with Directors Seaman, Winterer, Hoel and Coffman voting "Yes" and Director Holder voting "No", the Board approved the payment of claims through the period ending September 17, 2014, totaling \$31,356.02.

Cash Position Statement: Mr. Italiano distributed cash position statement as of September 16, 2014 for the Board's review.

## RECORD OF PROCEEDINGS

---

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board approved the cash position statement.

**Delinquent Accounts:** Mr. Italiano distributed the delinquent accounts report and the unpaid invoice report for the Board's review.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board determined to schedule the public hearing to consider adoption of resolution to certify delinquent accounts for the November 19, 2014 Board meeting.

**2015 Budget:** The Board discussed the 2015 budget and Teller County's certification of valuation.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board determined schedule the public hearing to adopt the 2015 budget for the November 19, 2014 Board meeting.

### LEGAL MATTERS

**Rates, Fees, Charges and Penalties:** The Board determined to schedule the public hearing to consider adoption of resolution to amend the District's schedule of rates, fees, charges and penalties for the November 19, 2014 Board meeting.

### PUBLIC COMMENT

Ms. Zuniga addressed the Board with questions about the Divide Water balance and Bond payment issue.

Ms. Callan addressed the Board and asked if the bonds can be renegotiated. Mr. Italiano replied "yes". Attorney Fritsche explained in detail.

### OTHER BUSINESS

**Draft PER:** The Board determined to defer discussion to the next Board meeting.

### EXECUTIVE SESSION

**EXECUTIVE SESSION:** Pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 9:03 p.m. for the purpose of

## RECORD OF PROCEEDINGS

---

receiving legal advice and instructing negotiators on matters related to the Trout Haven claims regarding the current fee schedule and Lost Dutchman appeal of the denial of exclusion petition.

Furthermore, pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., no minutes will be kept of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 9:45 p.m.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Board accepted the Settlement Agreement negotiated with the Trout Haven entities concerning the complaint over commercial rates, fees and charges and withdraw of the appeal with the Districts denial of the Lost Dutchman petition for exclusion.

### ADJOURNMENT

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

Respectfully submitted,

By \_\_\_\_\_  
Secretary for the Meeting

## RECORD OF PROCEEDINGS

---

THESE MINUTES ARE APPROVED AS THE OFFICIAL SEPTEMBER 17, 2014 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

\_\_\_\_\_  
Edith Coffman

\_\_\_\_\_  
Lanny E. Hoel

\_\_\_\_\_  
Robert "Elric" Winterer

\_\_\_\_\_  
Wade Holder

\_\_\_\_\_  
Rebecca Seaman

### Attorney Statement

#### REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Arabian Acres Metropolitan District, I attended the executive session meeting of the Arabian Acres Metropolitan District convened at 9:03 p.m. on September 17, 2014 for the sole purpose of discussing matters related to the Trout Haven claims regarding the current fee schedule and Lost Dutchman appeal of the denial of exclusion petition. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication as provided by Section 24-6-402(4)(b), C.R.S. and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Signed

\_\_\_\_\_  
Joan Fritsche, Attorney for the District

Dated: \_\_\_\_\_