

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

July 18, 2018: 5:30 P.M. at

Woodland Country Lodge, 730 Country Drive, Woodland Park, Colorado, 80863

ATTENDEES

Directors present: Ken Springer, Secretary
Craig Waller, Treasurer
Jennifer Waller, President
Betty Williams, Director

Others present: Paige Whitmore, MDM
Lynn Willow, AAMD Water ORC a

Members of the Public: See Sign-in Sheet

**ADMINISTRATIVE
MATTERS**

Attendance and Agenda: President Waller called the meeting to order at 5:30 p.m. and went on to mention the requested addition of including a discussion about the SDA Conference in September. Discussion continued slightly and then a quorum was declared. Director Williams made a motion to accept the agenda with the modification to include discussion on the attendance of board members at the SDA Conference. Secretary Springer second said motion. The modified Agenda was unanimously approved.

Disclosure of Conflicts of Interest: The Board had previously been informed of the Colorado Revised Statutes to disclose potential conflicts of interest to the Board of Directors and Secretary of State. There were no conflicts.

Minutes: Director Williams made a Motion to approve the Minutes from June 20, 2018; with Treasurer Waller seconding said Motion. The Minutes were unanimously approved and signed. Director Williams made a Motion to approve the Minutes from the Pre-Planning Meeting on June 25, 2018; with Treasurer Waller seconding said Motion. The Minutes were unanimously approved and signed.

Introductions & Public Comment: President Waller discussed why the District has decided to try having the public comment section at the beginning of the meeting compared to the end. The goal is to allow individuals to speak their opinions earlier on so that if meetings run long, those who want to comment can still attend and be heard.

Public Comment started with Edith Coffman requesting that the minutes and financials be added to the website. Marilyn Callan commented that other 'transparent' districts have all information posted online. Craig Baker confirmed that recent minutes & agendas had been on the website, but Ms. Coffman was not convinced. Callan, Coffman and Baker continued discussion and it was revealed that the electronic copies of the past Minutes & Financials were on the old website but during the switch in domain

name, the District decided to not attempt to move the past data to the new website as it would be time consuming and slow down the current webpage.

The Board discussed trying to get the information off the old webpage and delegated the task to Secretary Springer. President Waller then instructed residents to email Secretary Springer regarding any concerns & issues. The Board directed Secretary Springer to bring the emails to the August Board meeting for discussion. President Waller indicated that she would like the last 5 years of information to be available on the website. Secretary Springer introduced the idea of changing the design of the website as it is not user-friendly for himself and others in the District. Mr. Baker agreed with Springer and states that the current design does not allow for having old history. It was suggested that a **work-session** could be scheduled to go over the design of the website. President Waller and Secretary Springer then provide their emails to the residents for communication in the future.

Engineer—Approval for \$30,000 for smart meter engineering plans: Secretary Springer made a motion to approve the cost of the smart meter engineering plans for AquaWorks. Director Williams seconded said motion. The motion was unanimously approved.

Agenda Modification- September SDA Conference for Board Members: President Waller introduced the topic of encouraging the board members to attend the Annual SDA Conference in September and apply for scholarships to aid in the cost of the conference. President Waller stated that she has spoke with Ann Terry and she was encouraged to inspire the other board members to email her and get applications in for the scholarships. Secretary Springer stated that he is not ready to attend the meeting yet; however, Director Williams was interested in attending and had plans to apply.

Discussion moved to the cost of the conference and lodging. The decreased rate with the scholarship for Director Williams and Treasurer Waller and the lodging and cost of President Waller to attend the meeting we put up for approval. President Waller asked for a motion to have the District pay for the costs for Board members who would like to attend; including any replacement board member for the open Director position from Director McBride's resignation. Director Williams made the motion to approve the District paying for the SDA conference costs for the Board up to \$1,245 plus lodging pending scholarships. Treasurer Waller seconds said motion. It was unanimously approved.

Discussion of Board managing vs. management firm: President Waller opened the discussion with the statement that she believes there has been some discrepancies in communication. She stated that she had been told that it was her "mission to take over management" when it was not her intention. She indicated that this was gossip and untruths that lead to this rumor. President Waller said this was because the manager had been getting questions regarding the inner workings of management and had been excluded from management issues. For this reason, the manager brought forth the idea of the Board managing in place of a management firm; with MDM performing the financial, accounting and capital projects and funding. Director Williams added that it has not just been one person on the board that has been requesting information and

training on management related items. President Waller spoke to her belief in total transparency and how she recently attended a Positive Conflict seminar with SDA.

Ms. Whitmore presented the outline options for the Board. Option 1: Board Manages and MDM does Financial and Accounting Services only was presented and the outline of what that would mean for the Board was discussed. She moved onto the new Accounting and Financial Services agreement and the savings the District would have with continuing with that option. The Board stated that they would like to investigate the costs of other management or accounting firms to have a comparison. The Board wanted to emphasize that they are not putting out an RFP at that time, but rather just finding quotes to be more educated on the topic. The Board directed Treasurer Waller to research quotes and bring them forth in a **work-session** that would focus on the idea of the Board managing vs. a management firm.

President Waller stated that she did not feel comfortable making any decision on the amendment of management services at this time and it was proposed that the Board should have a **work session** to further discuss.

Ms. Whitmore continued her discussion as to Option 2: With MDM continuing to manage with an amendment to current contract was presented. It was explained that at the current rate of requests and emails of 63 in a 24 hour period, that management needed to amend the contract to ensure that the amount of work being put into the District matched the compensation for said work. Treasurer Waller questioned the discounted amount of \$500 per month for the management work indicated that he felt it was not a sufficient enough drop in rate for the change in services.

Director Williams inquired about the Grants and Loans for the CIP; indicating she believed that this was at a halt. Ms. Whitmore explained that the Grant and Loan applications for Phase 1 are complete and we are awaiting the approvals. She discussed the application for Disadvantage Community status and the Outreach Meeting scheduled for Saturday July 28th. Director Williams stated that when the entire Board was not included on certain communication and only one Board member had the information, it leads to the miscommunication. President Waller indicated that she was just trying to get information during the numerous emails to management and that she and Lynn and were not trying to take over management.

Ms. Whitmore lead the discussion back to the topic and ended with the final Option 3 which would have the District find a new manager for both management and financial and accounting. The Board discussed further that they were not ready to decide on an option regarding any of the amendments and wanted to host a work-session prior to deciding. Director Williams made a motion to table this topic until the next board meeting. Treasurer Waller seconded said motion. All were in favor. A motion was made to allow Treasurer Waller to retrieve "Fact Finding" quotes from other management firms to educate themselves on the market for management services and schedule a **work session** to discuss the quotes and the idea of the Board managing. Secretary Springer made the motion to approve this, with Director Williams seconded. All were in favor.

Discussion of the SDA Seminar attended by President Waller & Secretary Springer: President Waller opened discussion stating the seminar was essentially the “basics of being a Board Member.” She explained it gave a brief overview of basics from the minute you’re elected onto the Board and on, including what to do when vacancies happen, general boardmanship, teamwork, mill levies and more.

Board Vision and Questionnaires: The board discussed that this would be better in a work session rather than a regularly scheduled Board meeting. A motion to table this discussion and hold a separate work session was made by Director Williams. Treasurer Waller seconded said motion. All were in favor.

OPERATORS REPORT

Mr. Willow presented the ORC Report. Black Mtn. Pump had been called to work on Well #3 and investigate a possible lightning strike. It was determined not to have been a lightning strike. It was found that the drought is having effect on the wells. Mr. Willow emphasized Well #5 in that one customer had complained of water discoloration and another customer called the day of the meeting to do the same. Water testing to ensure the water was safe was done, but Mr. Willow will be performing additional testing on the water and will work on a solution. Hydrant & valve exercising will be done 2 hydrants at a time to spread the water usage out over a period of time as to not deplete the water levels too much.

Discussion moved to the idea of drilling new wells instead of fracking. Mr. Willow reported that the owner of Black Mtn. Drilling has recommended that the District use the money that they would spend on trial fracking towards the drilling of new wells instead. There are only 2-3 wells that the District can even try fracking in the first place, and there is no guarantee that there would be a substantial increase in production. The owner of Black Mtn Drilling said he would like to meet with the President of AAMD to discuss his findings and recommendations in person. This was mentioned to President Waller prior to the meeting and she proceeded to ask the rest of the Board if there was anyone that wanted to attend the meeting with her. Director Williams indicated she was interested in going to the meeting as well. Resident Callan interceded the conversation saying she would like to speak to the Board about dousing when drilling new wells. She explained that the science shows that doused wells don’t dry up as quickly. Mr. Willow said that if we were to drill new wells, he would have recommended dousing as well. The Board was interested in learning more and it was decided that another work session would be scheduled for Marilyn to present information on the science of dousing to the Board. President Waller stated she is going to keep track of the number of work sessions and meetings as the Board receives compensation per meeting and there are limitations to the compensation allowed annually. Director Williams asked for further clarification on the concept that the compensation limits for Board members is limited per Colorado Statue.

MANAGER’S REPORT

Director McBride's Resignation: The Manager wanted to ensure that the Board understood that the vacant position could be filled and there was a brief discussion on what to do next followed.

Key Bank Credit Line: The Manager had received the application and forms for the Credit Line with Key Bank. It was explained that the line would be for \$10k in credit, but the credit cards issued on that line could be modified with their specific limits. The application was sent down the line for review and it was found that further clarification from the bank needed to happen and the Board members would sign and mail the application once clarification was received.

Tap Application: The District received Tap application for 50 Gerka Ln but had not yet received the Tap Fee from the owner. A motion to approve the Tap application pending the receipt of the tap fee was made by Secretary Springer. This motion was seconded by Treasurer Waller. It was unanimously approved.

Well Fracking Approval: As discussed during the ORC Report, the Board wants to meet with Black Mtn. Drilling and hear more about options for drilling new wells instead of approving fracking of current wells. The approval of fracking one well as a trial basis was approved via email prior to the Board meeting. Director Williams made a motion to approve the fracking of one well on a trial basis. Secretary Springer seconded said motion. It was unanimously approved.

Approval for Well #3 Pump Expense: This expense was approved via email prior to the Board meeting for the replacement of the pump at Well #3. A motion to retroactively approve the expense was made by Secretary Springer. Director Williams seconded the motion. All were in favor.

Date change of next regular Board meeting: Due to time conflicts, the manager requested that the next regular Board meeting be rescheduled for August 16th or another date convenient to the Board. The Board stated that they had no conflicts with the August 16th date for the meeting.

FINANCIAL REPORT

Claims: The Board reviewed the claims and the manager asked if there were any questions. No questions were brought forth.

Financial Reports: The Board reviewed the Balance Sheet (Statement of Net Position) and the Income Statement (Statement of Revenue, Expenses and Net Position). Brief discussion over the budget-to-actual revenue and expenses to show that the District is on track with the projections.

OTHER BUSINESS:

Treasurer Waller wanted to discuss the \$85 charge he saw on some financial document for "Software Maintenance" and asked what that was. Ms. Whitmore explained that the only item that matches that was the monthly pro-rated \$85 charge

for the Intuit Enterprise accounting software used for the District's accounting services. She stated that MDM charges that rate and it was approved by the previous Board.

ADJOURNMENT

Director Williams made a Motion to adjourn the meeting at 7:59 p.m. with Secretary Springer seconding said Motion. The meeting was adjourned.

The next Regular meeting is scheduled for **THURSDAY, August 16, 2018 at 5:30 p.m. at Woodland Country Lodge, 730 Country Drive, Woodland Park, Colorado, 80863.**

Respectfully submitted,
Paige Whitmore, District Manager: Secretary

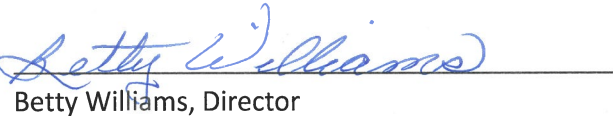
THESE MINUTES APPROVED AS THE OFFICIAL JULY 18, 2018 MINUTES OF ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS.

(Signed copy in possession of the District Manager)


Ken Springer, Secretary


Jennifer Waller, President


Craig Waller, Treasurer


Betty Williams, Director