

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

November 27, 2018 at 5:30 P.M.

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

In attendance were Directors:

Jennifer Waller, President
Craig Waller, Treasurer
Ken Springer, Secretary
Betty Williams, Director
Edith Coffman, Director

Also in attendance were:

Lynn Willow, ORC

Judy Bertrand, Financial Manager
Clay Brown, DOLA
Adam Sommers, Engineer AquaWorks

1. ADMINISTRATIVE MATTERS

- a. Call to Order & Declaration of Quorum: President Waller called the meeting to order at 5:40 p.m. President Waller stated that she loves seeing the room full and that she thinks it is a great thing to have as many residents as possible in attendance. President Waller confirmed a quorum with all Board members present.
- b. Confirm any Potential Conflicts of Interest: The Board confirmed there were no potential conflicts of interest.
- c. Introductions and Public Comment: President Waller stated there are a lot of things to get through on the Agenda and normally comment time is 3 minutes, but tonight the comments will be limited to 2 minutes without questions. If there are questions, they can be submitted in writing to the Secretary. President Waller opened up the meeting to public comments. Director Williams stated that she is turning in her resignation and the reason is because she is deeply concerned about the way the District is going and she has already spent over 3 years on the Board. She went on to say that she was led to believe that Judy's name is no longer on the bank account. President Waller said there should be no accusations until that can be spoken on. Director Williams agreed and added that she received an email from two residents there have been trespassing charges on a resident, and she said that scared her so she is turning in her resignation. President Waller thanked her and accepted her resignation. Secretary Springer spoke up and said before the election last Spring, a resident told him that the Board was paying too much. He found out that

was not true, but it caused him to be interested in being on the Board. He explained that he submitted a nomination form and was appointed to the Board. He said he was disappointed that nobody ever asked him what he would like to see this Board do and he expected to see the Board work together and that did not happen. He said he does not see teamwork between the Board members, and there has been disrespect shown in emails. Secretary Springer said he believes the working environment is not healthy for him and he is no longer happy after the changes that have been made. He recommended that each one should keep their own minutes. Secretary Springer said at 5:46 p.m., he submits his resignation. President Waller thanked him and accepted his resignation. Treasurer Waller moved to accept the resignations of Director Williams and Secretary Springer; seconded by President Waller. Motion passed unanimously. Ms. Bertrand said that 2 members do not constitute a Board and she doesn't think they can hold the meeting. President Waller asked Mr. Brown if they could have a discussion. Mr. Brown recommended she speak with legal counsel, he was not sure if they have a quorum. Ms. Bertrand suggested adjourning and calling legal counsel tomorrow. Treasurer Waller asked the public if they could give President Waller a few minutes to call legal counsel, Jason Downie. President Waller stepped out of the meeting to call legal counsel.

President Waller reconvened the meeting at 6:14 p.m. She explained that legal counsel, Mr. Downey advised that because Treasurer Waller and herself are the last legal remaining Board members that a quorum of three does not apply and the meeting can go on. However, President Waller stated that she & the Treasurer could appoint another Board member and President Waller said that is her intention, and from there she would like to interview candidates so the Board can be full. President Waller asked Ms. Edith Coffman if she would accept an appointment to the Board until the next election. Ms. Coffman said she would accept. President Waller moved to appoint Edith Coffman to the Board of Directors; seconded by Treasurer Waller. Motion passed unanimously. Ms. Coffman took the Oath of Office. Ms. Bertrand asked if the Board wanted to appoint anyone else. President Waller said no, but we do have positions open and people that are interested she would like to have the vote in December to allow time to ask and answer questions.

Past President Elric Winterer spoke and said that he has learned that Judy Bertrand is no longer on the bank account for the financial matters. President Waller stated that she will be addressing that. Mr. Winterer asked to finish his public comment. He said it is a bad situation where a married couple are the only 2 people to have access to the banking account. He added that it is bad for appearances sake and could cause major issues if something goes wrong. President Waller said she would like to respond. She explained that three and a half weeks ago, there was a tap fee to be paid by residents that were trying to get in by the deadline. They did not make it but they sent us our tap fee. That tap fee came to Treasurer Waller at his personal address. Treasurer Waller said the next day,

he emailed Judy and Paige with a copy of the check and asked them if he should mail it or deposit it. He did not hear back, so a week later he got approval from the Board to reach out again and if he did not hear back, he would attempt to deposit it at Key Bank. He said that Judy never responded but Paige did. Ms. Bertrand spoke up and said that she does not remember getting that email. Treasurer Waller said Paige did respond and told him that she thought Judy had already replied to his email, so she gave him the Key Bank account number to deposit the check. He went to the bank to deposit the check and they told him that he was not on the signer card on the account anywhere. Ms. Bertrand spoke up and said she had him sign everything. Treasurer Waller said he is just explaining what the bank told him. The bank asked when he signed the card and he said it was approximately in May. President Waller said she called the Key Bank Denver West since that is the main one that Ms. Bertrand used on November 14, 2018. She identified who she was and explained that she was trying to figure out why Treasurer Waller was not on the account and spoke with Brian. Brian told her that there were 6 signers on the account, Jennifer McDowell, Judith Bertrand, Robert Winterer, Kal McBride, Betty Williams and Rebecca Seaman. President Waller said she was questioned about when the changes happened and why they didn't know about the signature cards. President Waller explained to the bank that the elections were held in May and the signature cards were signed then and should have been turned in. President Waller said she was then directed to a Cynthia Pettit's who is in the government accounts manager division who emailed the new signature card forms to President Waller who planned on having those done tonight. President Waller added that she did not remove Ms. Bertrand from the account. Ms. Bertrand said they may have been having them look up the lock box account number instead of the checking account number. Treasurer Waller said the account number that Paige gave him was for the bank account that they deposited the \$8,000 water tap fee into and he scanned the deposit receipt from the bank to Ms. Bertrand, Paige and everyone on the Board and no one had any comments at all. Ms. Bertrand said that this is easily fixed because in May or June she had everyone sign and she scanned and sent it to everyone on the Board and she sent it on to Bryan at the bank, so they should have it in their emails. Treasurer Waller said he is just going off what the bank told him, and that he has not been a signer on the account at all from May to now. Ms. Bertrand asked if he doesn't remember signing this. Treasurer Waller said he does remember signing it. President Waller stated that it is not a question of whether we remember signing it because she remembers signing it too, but the bank has no record of taking off anyone or adding anyone. Mr. Winterer spoke up and said he thinks based on the list of names, it is likely the lock box and may be an error on the bank's end. Ms. Bertrand said they should look at the account number on the checks. Treasurer Waller compared the account number that was given to him by Paige and it matched the account number on the checks. He said it is the same number that President Waller gave to the bank when she called, so it is the checking account. Mr. Winterer said the bank has dropped the ball. Treasurer Waller said

we are not blaming anyone, but he has signed about \$165,000 in checks that according to the bank are technically no good. The bank said since they have not come back and have cleared, they are going to fix it from this point moving forward. Treasurer Waller added that he does not know what Betty Williams was talking about when she said that Ms. Bertrand was taken off the bank account because he cannot instruct the bank to remove anyone and President Waller has never instructed the bank to take her off the account. Ms. Bertrand said she was trying to find out what the balance was for these checks to get cashed. Treasurer Waller clarified again that nobody told the bank to remove Ms. Bertrand. President Waller noted that she emailed the bank today to thank them for sending the forms and told them to not remove Ms. Bertrand from the account. Ms. Bertrand asked what is this \$60 cash. Treasurer Waller said it was for Craig Baker. Ms. Bertrand said she thought they were not going to take cash anymore. Treasurer Waller said that they were not going to accept cash, but they showed up at Betty's house and she accepted it. Kristin Turotte asked who would be on the bank account moving forward. Treasurer Waller said everyone on the Board and the financial manager or management company. President Waller said she will contact the bank tomorrow to let them know what has occurred and will get new signature forms. Ms. Bertrand said she will call Bryan. Treasurer Waller said according to the bank, Ken was never on there, Ms. Bertrand said yes he was.

Donna asked for clarification about qualifying to be on the Board, and if you need to be on water or in the District. President Waller apologized for the confusion and clarified that you only need to be in the District and do not have to be on the water.

d. Discuss and approve the Agenda: President Waller requested a motion to amend the Agenda to add Mr. Sommers and Ms. Bertrand's presentations before the President's report. The Board also removed the Director's Report and the DOLA CIP Report from the Agenda. Treasurer Waller moved to amend the Agenda as discussed; seconded by Director Coffman. Motion passed unanimously.

e. Review and Approve the Minutes:

- September 17, 2018 - District Board Meeting: Treasurer Waller moved to accept the September 17, 2018 minutes; seconded by President Waller. Motion passed.
- October 17, 2018 - District Board Meeting: Treasurer Waller moved to accept the October 17, 2018 minutes; seconded by President Waller. Motion passed.
- November 5, 2018 - Public Special Meeting: Treasurer Waller moved to accept the November 5, 2018 minutes; seconded by President Waller. Motion passed.

f. Engineering CIP Report Update and Vote: President Waller shared good news that on November 7th the District received a grant award in the amount of \$200,000 for

engineering from the Department of Local Affairs. Mr. Sommers clarified that the grant will not require repayment and it is even more valuable because it does not affect the District's debt service. Mr. Sommers said that he was hired 12 to 14 months ago to take an assessment of the District, look at the infrastructure and make recommendations, come up with costs and work with the team to seek funding options. He said we are finally starting to see fruits of the labor so he wanted to update the community and explain how the District is pursuing funding of the opportunities. He explained the project was broken into three groups to allow the projects to operate independently both in time and money. The first Group 1 project is to get a new automatic read meter system which would cost about \$400,000. Mr. Sommers explained how the automatic read system works and how the data goes directly to the billing software. President Waller noted they reviewed all the points of possible human error that could occur with the old manual system and it was at 6 or 7 and with the new system it would be 0. Mr. Lynn Willow, ORC added that it will be great for leak detection which is a major problem. Mr. Sommers agreed and said it will help with reporting water loss. Mr. Sommers said we have received 2 funding sources for this project, \$200,000 grant that was just awarded from DOLA. In addition to that, the District was awarded a loan for \$400,000 two months ago. He explained the loan was for \$404,000 in case the District did not get the grant, so if the expenses stay at \$400,000 they will just not draw on the total amount of the loan. Mr. Sommers said the engineering documents are done and the project is ready to go out to bid and he explained that process. He clarified that this does not bind the District to the project but only allows him to bid the project.

Mr. Sommers discussed the Group 2 project which is to upgrade the distribution and treatment systems. The initial cost estimate for the project was \$6.8 Million, but that was more of a wish list project that would include everything that could possibly be done. Mr. Sommers explained the project needed to be dialed back to be more realistic for the District. He explained one thing that guided the project budget was the \$3 Million SRF loan. If the project is at or under \$3 Million, that loan is the most advantageous for the District with a better interest rate and if it were over \$3 Million it is another program without the interest rate benefit. Mr. Sommers said the cost estimate has gone from \$6.8 Million to \$4.31 Million and a lot of that will come down to bid day. He explained that it is very difficult in this environment to estimate what contractors will price to install pipe, so they will bid the project on a unit price cost and will prioritize based on the cost. Mr. Sommers explained they have not applied for any loans for this project and they want to get the new meters up and running first to show what the new revenue model is before we make the loan application. Mr. Sommers discussed the plan to apply for a \$3 Million loan at the end of 2019, and before that they will apply for a \$1 Million grant from Clay Brown's group (DOLA) which is the same program that gave the \$200,000 grant but just a different group. There is also a \$300,000 design and engineering grant that could be

awarded as soon as January. All of the documentation and requirements have been submitted and are close to getting approved. This would allow the District to retroactively seek reimbursement for everything project related. It would also allow for professional services to do the design for group 2 projects and would not cost the District anything. Mr. Sommers added that there was also a \$10,000 planning and design grant that was awarded a few months ago and the District can submit reimbursement for that. Out of the \$4.31 Million, the District's repayment or debt service would be on the \$3 Million with an interest rate of 0% - 2%.

Mr. Sommers discussed the Group 3 project which was the extension of Trout Haven. This project was not supported by the community and was tabled, so there has not been any work done on it since that feedback was received. Mr. Sommers explained the debt service for these projects and the importance of community match in getting the funding.

Mr. Elric Winterer asked about the monthly payments on the \$200,000 from the loan. Mr. Sommers said it is a 10 year term. Ms. Bertrand said she has that in the budget and asked if that question could wait until the budget discussion. Mr. Winterer asked about the lowest bids on the project, and if we are going for the lowest bid or best value. Mr. Sommers said it is lowest qualified and explained the qualification statement where they must give three representative projects and how it is industry standard. Mr. Winterer asked the Board once the new meters are in will they do monthly reads instead of bi-monthly. President Waller said yes. Treasurer Waller clarified that it is on a bi-monthly read right now because of the labor and time.

Mr. Al Brown asked if the \$3 Million payback will be addressed in the budget discussion. Ms. Bertrand said no because it is not in the 2019 budget, but that would be 30 years and if we get 0% interest since we are a disadvantaged community, that would be \$100,000 per year for 30 years. The net income to date is \$150,000 and that is with paying Mr. Sommers \$57,000 so that is easily something the District could afford. Mr. Brown asked if they are really expecting to bring in a lot more money with the new meters. Mr. Sommers explained it will make finding leaks and reduction of leaks much better and older meters are not as accurate. Lynn Willow explained that the new meters will have a 20 year warranty so if anything goes wrong with them they will replace them free of cost.

Ms. Turotte asked if they are asking for lump sum bids or unit rate pricing. Mr. Sommers said for Group 1, it will be bid at unit rate pricing and described how he got his numbers by using a GIS system, so he believes his numbers are pretty accurate. He explained that by doing it this way the District will only be paying for the items it actually needs. For Group 2, it will be bid as lump sum due to the size of the project and the type of project, but the lines will be bid at unit cost. Prior to being bid, the District will have complete engineering drawings so they will have a good idea of the total linear feet that needs to be replaced. The advantage of bidding it as a unit cost is if we come in under \$100 per foot,

we can do more work. If the pricing is more expensive, we can still do the project but just less work. Mr. Sommers said the total number of feet is 38,800, so at a \$100 per foot the District would be able to complete 30,300 feet. Mr. Sommers noted that based on his calculation, if they can get the bid at \$78.10 per foot they could do the entire 38,800, but it will all come down to the bids. Ms. Tuotte asked what was removed from scope of the project to bring the cost down from \$6.8 Million to \$4.31 Million. Mr. Sommers explained that nothing was removed from the scope, it was a decision to go to a unit cost and those different scenarios that he just went through. Basically, we are going to do as much linear feet of distribution that we can with \$4.31 Million.

Treasurer Waller moved to release the water meter project for bidding; seconded by Director Coffman. Motion passed unanimously.

g. President's Report: President Waller shared with the Board that they are receiving several CORA requests. The last few requests were handled by legal counsel and took about 3 hours at \$250 an hour which is paid by the District. President Waller said she hopes the CORA requests slow down, however all requests will be provided according to state laws. President Waller discussed Ms. Bertrand's 60 day notice that was given. She explained the RFPs that were sent out and the expectations for new management. Treasurer Waller said he sent out 5 and heard back from 2. One was an Accountant, and the other was Walker Schooler District Managers, a District Manager and Financial Manager. Treasurer Waller discussed the Board wanting to have a Manager in Colorado Springs and WSDM is located in Colorado Springs. WSDM quote including the billing was about \$2,000 less than what we have been paying Ms. Bertrand on average including the capital improvement projects. He explained the capital improvement projects are out of scope with Ms. Bertrand so the District was paying per hour on that. President Waller explained that in the Summer Ms. Bertrand approached her about taking over the day to day management of the District. This would include Mr. Willow reporting to the Board directly and she would help facilitate things as needed. The Board would also take over the website and other basics. This turned into a lot more than expected and President Waller had to take over and learn to do the State filings and CORA requests. President Waller said she did her best on the CORA requests but there were some complaints sent to DOLA and she was told to consult with legal counsel. President Waller said she did reach out to legal counsel and they are helping her understand what is expected. She said she takes full responsibility of the mistakes she made and the issues with the CORA requests with a resident and she is trying to resolve these issues, but she is ready to hand these tasks over to management. President Waller explained that she needs the resident to try to resolve things with her, but that is not happening and she has been accused of things and called names. President Waller said she is going to try and resolve this in any way she can.

Mr. Winterer said there are certain people who use the function of CORA requests strictly to cause problems within the District and they do so to try and make the District fail, and we have such a person. They are trying their best to make the District fail. Treasurer Waller said some of the past requests were privacy items from a resident such as not being able to request what their neighbor's bill is. There is a right to privacy and those are not submitted. President Waller said she understands there is division but she hopes she is given the opportunity to continue to help the District and move it forward. Ms. Shawn Smythe asked if we know why Ms. Bertrand is leaving and if it is something we need to address with the new manager. President Waller said she thinks it is because of conflict between them and nothing was clarified before the resignation. Treasurer Waller said President Waller went to the SDA Conference last year and met a few people from Woodland Park who attended an Arabian Acres MD meeting and President Waller in return attended a Woodland Park meeting to get a new perspective. This may have caused an issue for Ms. Bertrand who thought she was being pushed out. Director Coffman said she was concerned with all of the expenses that were out of scope for Ms. Bertrand and she did not like being questioned about it. Treasurer Waller said she had a problem with him asking for receipts and questioning expenses that the District was paying for in regards to Ms. Bertrand's office supplies. He explained that he wanted to know what checks in balances were in place so that the District was not paying for other District's supplies in her home office, and she told him to not worry about it. He also questioned paying for 25,000 pages of paper and she said it was for CIP. Mr. Winterer asked if WSDM will file the state requirements. Treasurer Waller said that Mr. Walker said he would help if there is anything that needs to get done in the next 30 days and will not charge for it. Ms. Smythe asked if President Waller will keep any duties. President Waller said she would like to maintain the relationship with Mr. Willow because it helps her know what is going on in the District and keeps the continuity, but she does not want to be doing the State filings and CORA requests because that is what the Manager knows and should be doing. President Waller said they are very impressed with WSDM and have heard very good things about him from the Executive Director of the Special District Association as well as counsel that has worked with him. She added that she wants him to come and make a presentation for everyone. Ms. Nell Carnein said to be sure to look him up online and make sure there are no problems like what happened in the past with the previous manager. President Waller noted that Mr. Walker manages Cascade so he understands all that is involved with that. Treasurer Waller said we would be saving around \$1,000 a month with WSDM. President Waller said she would like to have a full Audit going into new management so there is a clean slate going into it. The Board agreed. Treasurer Waller said he would like to get more feedback from Mr. Walker on billing since some managers require that they handle all of the billing, and he will discuss that with him when he presents to the Board. President Waller recommended trying to set another public special meeting in the next two weeks to have Mr. Walker

present to the Board. President Waller called for a motion to have Treasurer Waller get in touch with Kevin Walker with Walker Schooler District Managers to schedule a time to have them present to the Board. Treasurer Waller moved; seconded by Director Coffman. Motion passed unanimously.

Ms. Turotte asked why they would not wait until the next meeting to possibly have another Board member before making that vote. Treasurer Waller explained they need to have some overlap between the old management and the new management and if we wait until next meeting the timing would be cut really close. There are also state filings that need to be submitted by the end of the year as well. President Waller said that hopefully if we get him under contract, we can start giving things to him and he can start January 2nd. Ms. Turotte asked what the pricing was on the other bid. Treasurer Waller said that we have only gotten a bid from WSDM, the other proposal told us that they do not do management but they work with Walker Schooler District Managers and the other RFPs have not responded. The Board discussed sending out 5 proposals in the past and only got 3 back. President Waller noted they wanted to send out at least 3 RFPs to show due diligence and transparency. Ms. Turotte asked about the utility billing portion of it, and if it will be bid as well. Treasurer Waller said WSDM has bid it in 3 pieces, financial, CIP and management, and the billing would be a separate discussion. President Waller explained that there are some managers that will not take on managing a district unless they do the billing, so we will need to find that out from Mr. Walker. A woman encouraged the Board to get references from those he does billing for as well.

i. Allan Brown and Kristen Turotte: Interest in Board Position: President Waller shared with the Board that Allan Brown, Kristen Turotte and Lanny Powell have all given letters of intent. She noted that she would like to wait to vote at the December meeting since there was another person who expressed interest. Mr. Brown introduced himself and said that he has been involved in design and engineering work as well as software development and hardware management in Michigan. Mr. Brown discussed his past projects and experience with wells and water drilling. President Waller noted that Mr. Brown is a resident of Trout Haven and a well owner. President Waller asked Mr. Brown his interest of being on the Board and how does he see himself interacting. Mr. Brown said he sees a lack of technical understanding and could bring some value working with Adam. He said he also has been involved in developing websites. Mr. Brown said he sees a lack of communication between the Board and the residents and the website is part of that and perhaps a newsletter could help as well. Mr. Brown said the disconnection on the Board and what happened tonight was interesting and it is not clear to him why it happened. A woman spoke up and asked if part of the reason is that they are basing their understanding of what happened on one person's perspective instead of hearing both sides. Treasurer Waller and President Waller said yes and agreed. President Waller discussed the huge breakdown in communication and the lack of cohesiveness on the

Board. President Waller said she did not know any of this was coming and it came as a shock, but she does see both sides of it and is not blaming. Mr. Brown said he has dealt with these types of issues and has been involved in groups where people do not agree. Treasurer Waller asked Mr. Brown if he would ever be interested in hooking up to their system. Mr. Brown said it is a financial question, but he does not have an interest to do so right now. Mr. Brown said that having less infrastructure is a better thing. Treasurer Waller said he just wanted to see what his thoughts were as a well owner. Director Coffman asked how long he has lived here. Mr. Brown said he bought his home last February and his daughter lives there with him and his wife.

Kristen Turotte introduced herself and said she purchased the abandoned build on Denwood. She said she was thinking of joining the Board in a year or so, but there does seem to be some dysfunction so she was hoping to bring her project management background and utility billing experience to help out with these capital improvement projects. She said her other concern is that the Treasurer and President are married, so the duties and responsibilities are very condensed and with the history of the embezzlement issues, she does not think that looks good. Ms. Turotte said she just wanted to be honest and is not making any accusations. Treasurer Waller clarified that before anything was done, they cleared everything with DOLA. Ms. Turotte said if she could be helpful with her experience, she would be willing to volunteer her time. President Waller stressed that this has been a very abnormal Board meeting, but she is hoping to get back to having a full Board soon. A gentleman asked if there will be 5 or 7 Board members. President Waller said 5. Treasurer Waller noted that we have also had more public attendance in the last 6 to 8 months. President Waller said she would love for people to attend meetings and participate. Director Coffman asked Ms. Turotte where she thinks she would fit in to the Board with her experience, and if her intention was to come in and change everything like others have done. Ms. Turotte said it was a big decision to buy in Arabian Acres due to the embezzlement and the issues with the infrastructure. It is an investment for her family so her intention is to help in any capacity that she can and not to come in and change everything. She explained that she works for a pipeline company that designs water district systems and she handles the project controls, so she monitors costs and schedule. Ms. Turotte said that she sees herself being able to help in the capital projects, but she would not have time to be an officer but to provide input, so if there are others who are duly qualified, she would tap out because she has a lot going on. Ms. Turotte added that if the perception was that she wanted to take things over, or if the letter read that way. Director Coffman said that was the impression that she got. President Waller said she wanted to stress again that whomever is appointed come with an open mind so that the Board can move forward and have that cohesiveness. Ms. Smythe asked if they take into consideration the balance of Arabian Acres residents versus Trout Haven residents on the Board and said that she would hate to see a Board with all Trout Haven

residents. Treasurer Waller noted that the Board before President Waller joined was all Arabian Acres residents. Ms. Smythe explained that Arabian Acres residents are more directly affected by the decisions, so they should be fairly represented on the Board. President Waller clarified that you must be in the District to be on the Board. The Board explained the appointments, elections and terms of Board members.

Lanny Hoel introduced himself and said that he has lived in Arabian Acres since 2006. He said he is retired and has worked on a POA board, mitigation board and a water board. He said he knows the District and has done a lot of work with Lynn and is good friends with Adam. He noted that he volunteered to help with a lot of the testing when they were looking for leaks 3 or 4 years ago, so he knows the pump houses and has been here awhile. Ms. Marilyn Callan spoke up and said that Mr. Hoel is being modest, and even though he is not a POA member of Arabian Acres, he allowed them to put the dumpsters on his property because he has a gate that locks. Then she said that he also volunteered with chipping the wood. Ms. Carnein added that he put fish in the pond as well. Mr. Winterer spoke up and said that Mr. Hoel is also involved with the fire mitigation and emergency exits. Mr. Hoel added that he helped build the pavilion that is there now and worked with the contractors to get it done. President Waller said she will be in touch and the Board will vote at December's meeting.

2. OPERATORS REPORT

a. ORC Report Submitted - Questions from Board of Directors: President Waller noted that there was nothing remarkable about the report and everything was fine. They will not need to buy any water yet, but it was a good month with no big system errors.

3. FINANCIAL MANAGER'S REPORT

Manager's Report: Ms. Bertrand asked the Board to cross out on the Check Detail Betty William's check and the last MBM check because those have been voided now. Treasurer Waller added that we need to void out Ken Springer and Betty Williams checks since they were being paid for the meeting and they were not in full attendance. Ms. Bertrand noted that she got the \$60 in for Craig Baker. Treasurer Waller said he has his address and he will mail it. Ms. Bertrand presented the October financials to the Board. She noted the total checking and savings is \$519,965 and last year at this time it was \$476,000. Property taxes receivable was projected to be \$96,000 and only \$88,900 has been collected. Ms. Bertrand noted the total long-term liabilities have gone down \$72,000 plus another \$60,000 once the bond payment is made. Ms. Bertrand said the total equity is \$371,000 which is fantastic when looking at the budget. Ms. Bertrand presented the budget actual. She noted they had budgeted \$70,000 for water usage and only \$47,810 has been collected, so she lowered the budget for water usage to \$60,000. Ms. Bertrand pointed out that Utilities were at \$7,926 and \$4,500 was budgeted. She asked Mr. Willow

if he expects that to go down with the smart meters. Mr. Willow said he is unsure if that is because of the unexpected 25% rate increase. Also, the pumps were running a lot this last summer due to the drought and are pumping longer to get the same amount of water. Ms. Bertrand discussed Bond Interest and said we have already paid one half of the bond interest. She noted that on June 1st the one half of the interest is due and the remaining half and principal is due December 1st. Total net income is \$150,000 and \$80,000 was budgeted and the bond is already paid for the year. The District would be over \$200,000 in net income if you take away Mr. Sommers payment which is important when thinking about the \$3 Million loan. The District would be able to afford the yearly \$100,000 loan payment.

Treasurer Waller moved to approve the Financials for the period ending October 31, 2018; seconded by President Waller. Motion passed. Director Coffman abstained from voting until she has time to review the financials.

4. FINANCIAL MATTERS

- a. Review and approve the payment of claims for period ending November 2018
- b. Review and accept the November 2018 Financial Statements: Treasurer Waller moved to accept the November 2018 financial statements; seconded by President Waller. Motion passed.
- c. Review Outstanding Debt and Liabilities
- d. 2019 Budget Presentation and Discussion: Ms. Bertrand noted that the District improved the equity position over \$900,000 in 5 years which is fantastic and the State is well aware of this as well. Ms. Bertrand presented the 2019 budget to the Board. She noted the bond interest for next year will be \$57,202 and the bond principal will be \$65,000. A gentleman asked if the bond payment is consistent for next year or will it increase and become problematic in the future to try and make the final payment. Ms. Bertrand clarified the reserve funds will pay towards the final payment in 2030. Ms. Bertrand went over the grants and explained the \$300,000 grant can be used to pay Mr. Sommer's future expenses and the District can recover his old expenses as well. Ms. Bertrand said they are trying to get an additional \$100,000 grant from DOLA as well which would total \$600,000 in grants that do not have to be paid back. She noted there are no change in rates and no reason to raise rates at this time. The total income would be \$932,632 and \$610,000 would be from grants. Capital outlay is \$500,000, \$400,000 for the new meters and \$100,000 towards drilling wells or water fracking. Ms. Bertrand noted the \$10,000 contingency and said she tends to underestimate revenue and overestimate expenses to have padding and coverage.

Director Coffman moved to adopt the 2019 Budget; seconded by Treasurer Waller. Motion passed unanimously.

Ms. Bertrand said the Board needs a Resolution to set the mill levy which is the same as it has always been which is 24. She said there was some confusion and someone sent an email saying it showed 34 mills at the County. Ms. Bertrand explained the reason why is because it was 10% of that judgement. President Waller confirmed it was paid off. Treasurer Waller moved to accept the Resolution to set the mill levy at 24 and for the Manager to file it with the County to collect; seconded by Director Coffman. Motion passed unanimously.

Treasurer Waller moved to appropriate funds as discussed; seconded by Director Coffman. Motion passed unanimously.

Ms. Bertrand said that everything will be submitted to DOLA and the County and she will provide the Board with copies. President Waller thanked Ms. Bertrand for her presentation.

5. OTHER BUSINESS

a. New website - President Waller said we will discuss the website in detail at the next meeting. It is up and running and the goal is to start posting the past Agendas so we have more history on the website. Treasurer Waller moved to continue the discussion on the website to the next meeting; seconded by Director Coffman. Motion passed unanimously.

b. Moving meetings to Divide Fire Station - President Waller discussed that DOLA helped give money to the Divide Fire Station to build a classroom. She said the 3rd Wednesday of the month is now available and it is a large professional room to hold meetings in. It is also free where as they currently pay \$70 per month for the meeting location. President Waller said she would like to start having meetings there in January to give time to let the public know. Treasurer Waller motioned to move the Arabian Acres MD monthly meetings to the Divide Fire Station beginning January 16th, 2019 at 5:30 p.m.; seconded by Director Coffman. Motion passed unanimously.

7. ADJOURNMENT

Director Coffman moved to adjourn; seconded by Treasurer Waller. Motion passed unanimously.

THE NEXT REGULARLY SCHEDULED MEETING WILL BE HELD ON WEDNESDAY, DECEMBER 19, 2018 AT 5:30 P.M. AT THE WOODLAND PARK COUNTRY LODGE, 730 COUNTRY DRIVE, WOODLAND PARK, CO 80863.

Respectfully Submitted,



Jennifer J. Waller, President of the Board of Directors

These minutes approved as the official November 27, 2018 minutes of Arabian acres Metropolitan District by the Board of Directors

(Signed copy in possession of the district manager)



Jennifer J. Waller, President



Craig Waller, Treasurer



Edith Coffman, Director