

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

September 16, 2015: 6:00 P.M.

Police Department, 911 Tamarac Parkway
Woodland Park, Colorado

ATTENDEES

Directors present: David Belfiore, Director
Wade Holder, Treasurer
Rebecca Seaman, Secretary
Betty Williams, Director
Robert (Elric) Winterer, President

Others present: Judy Bertrand, Metropolitan District Management
Carmen Barker, Metropolitan District
Lynn Willow, Water ORC

Members of the Public: See attached list

**ADMINISTRATIVE
MATTERS**

Attendance and Agenda: The meeting was called to order by President Winterer at 6:01 pm and a quorum was noted. The Agenda was approved with the addition of the update on Terry Malcolm under Additional Business.

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. President Winterer requested the Board members to disclose any conflicts of interest. There were no conflicts.

Minutes: Director Williams made a Motion to Approve the Minutes of the August 19, 2015 Board Meeting, with Director Belfiore seconding. The Minutes were unanimously approved.

Edith Coffman stated that the \$1,400 legal charge referenced in the Minutes was for a letter on behalf of the Directors in response to email from Jim Nash. The Manager stated she would investigate the legal bills and determine what the charge was for.

PUBLIC COMMENT

Sandy Zuniga discussed a quarterly meeting of Boards of other Districts. She asked if anyone had attended these meetings. Secretary Seaman stated she had been on the email list but has not received any notices recently. Secretary Seaman stated she would email the contact person.

Edith Coffman asked that the July Minutes be uploaded to the website.

OPERATORS REPORT

The Manager informed the Board that there were sufficient funds to purchase the generator, jack hammer and metal detector is the cost was around \$4,000. Lynn Willow stated he had gotten estimates from Harbor Freight for these items and the costs would be: \$875 for the metal detector, \$400 for a small generator and \$350 for a jack hammer. The Manager informed Mr. Willow that she would get him the Sales Tax Exemption Certificate to insure sales tax was not charged for these items.

Director Williams made a Motion to approve up to \$1,800 for purchasing of the equipment; with Secretary Seaman seconding said Motion. The Board unanimously approved Mr. Willow or MDM purchasing these items.

Director Williams asked if we had paid sales tax for the loggers last year and also wanted to insure that receipts were kept for all ordered equipment. The Manager stated all receipts and documentation for purchases were kept by MDM, but that some of the previous receipts may not have been provided by the former management firm.

Mr. Willow discussed water at Banner and Donzi but stated there is no indication that this is a leak. However, he believes we must be proactive and have a backhoe brought in to investigate. His concern is that we may need a road permit from Teller County. Mr. Willow said there may be a pinhole leak and that this water has been surfacing since April; but it is not a steady flow. He has taken a chlorine sample and checked that the tank levels have not changed.

Ms. Zuniga asked why this issue wasn't on the Operator's Report in the past and Mr. Willow stated he had discussed it with Board Members, Carmen Barker and Judy Bertrand.

Secretary Seaman asked about the level of detail on the ORC report and whether it was required when applying for grants. Carmen Barker stated it was not and that the ORC report would not be used when applying for grants. She stated that after the ORC digs then we should note the findings.

Treasurer Holder mentioned that if the road to the storage tank needed grading and the backhoe was needed to investigate the standing water at Banner and Donzi, could we do these both at the same time in order to save money. Treasurer Holder asked Mr. Willow what time he estimated it would take to grade the road. Mr. Willow said between 4-6 hours at approximately \$100 per hour. Mr. Willow stated that the road would need to be repaired before winter.

Secretary Seaman made a Motion to approve both the road grading to the storage tank and digging at Banner and Donzi; with the preference being that Mr. Willow determine if they could be performed at the same time or on the same trip. Director Williams seconded said Motion and the Board unanimously approved. Mr. Willow estimated it could be anywhere from \$350 to \$1,500 for this work and that he would inform Carmen Barker, who will notify the Manager and Board.

Carmen Barker asked Mr. Willow about the status of the Trichell meter. Mr. Willow stated he had not sent it on yet, but would send to National Meter this week. Mr. Barker requested that Mr. Willow send the meters for testing the same week he pulls

them. Mr. Willow mentioned that when he pulls the meter he automatically replaces it with a new Sensus meter in order not to have to crawl under homes, put a temporary meter in, then go back in and replace with the old or new meter. This saves money for ORC charges.

Carmen Barker is applying for a grant that only has a month window to respond and stated that she and Lynn Willow will need to meet reps in the next couple of weeks.

Mr. Willow stated that 90% of all leaks are in the home and when someone is gone they should have the water shut off. Ms. Barker will prepare a notice for the homeowners on this issue.

The Manager brought up purchasing a storage unit and Mr. Willow stated it could only be an 8x10 foot due to the location. He would like it near Control Building A as that is where he mainly works. The existing storage units are full and also are not as secure as they should be for storing equipment. Gary N. recommended a steel unit/container.

MANAGER'S REPORT

The Manager received approval from Mr. Michael Foy to share his email. The Manager provided a copy to be passed around by the homeowners.

The Manager provided copies of emails from one homeowner who had called and/or emailed 40 times in the last week regarding her check not clearing the bank. The Manager stated that she had no control over the check as it was sent directly to Key Bank lockbox in Denver and it obviously had not arrived. The Manager informed the homeowner that it must be a postal delivery issue. The Manager also stated that this same homeowner had made numerous calls about this same issue a few months ago. President Winterer stated that it would be appropriate for customers such as this to pay a certain amount for excessive calls. The Manager stated that 1 call or email per week or up to 4 per month was acceptable but that there would be no charge for responding to emails on valid questions. She suggested charging a customer \$5 per call after 4-5 calls, emails or contacts per month. Ms. Bertrand stated that this would not be used for regular calls, questions or concerns; only in the event that someone called continually about the same issue which had already been responded to. No decision was made at this time.

Edith Coffman mentioned that there were complaints on the Nextdoor website. Director Belfiore said he knows people complaining who did not realize the problems that were inherited from not having detail behind outstanding balances and updated meter usage.

FINANCIAL MATTERS

Claims/Accounts Payable for September 2015: The Manager stated that the claims were high this month due to the road work and repair to Well #8. Treasurer Holder made a Motion to accept the claims; with Secretary Seaman with seconding. The Board unanimously approved.

The Manager presented the unaudited financials; including a Draft Balance Sheet and Income Statement. Treasurer Holder made a Motion to accept the financials with Secretary Seaman seconding. The Board unanimously approved.

2014 Audit: As there would have been additional expense for Josephus LeRoux of Biggs Koffard to present the Audit, the Manager discussed it with him in advance and presented the Audit. Ms. Bertrand stated this was a clean, unqualified audit. She also stated it would not have a previous year's comparison due to the issues with the misappropriation of funds. Next year's audit will have the previous year's comparison.

Statement of Net Position: She told the Board that she appreciated Mr. LeRoux's reference to paying off liabilities in 2015. She mentioned Water Rights under Capital assets on the Statement of Net Position and questioned if anyone knew what specific rights they had. She wanted to research it before asking the lawyer to investigate. Sandy Zuniga stated they may be in the Service Plan. Mr. LeRoux informed her that they were not amortized so they remain on the Balance Sheet. The Manager will investigate what rights AAMD has. Although the total net position is in the red, Mr. LeRoux stated that our cash position was better than in 2013. Also, the Manager noted that approximately \$110,000 in current liabilities would be paid off by the end of 2015.

Statement of Revenues, Expenses and Changes in Net Position: Ms. Bertrand stated that Biggs Koffard lowered the amount SDMS had allocated for Bad debt from \$35,000 to \$20,000 on the Statement of Revenues, Expenses and Changes in Net Position. They were aware that approximately \$18,000 had been collected on outstanding debt in the last month.

Ms. Bertrand explained the definition and line items that were under Operating Expense. The "Personnel services" were for water testing; "Purchased Services" were for the ORC; SDMS-\$81,441; water purchases-\$26,880 and \$15,086 in legal exclusion expense. "Professional fees" were for Biggs Koffard-\$41,296 and Joan Fritsche-\$81,912. "Fixed Charges" included office supplies, insurance, postage and elections-\$9,409.

The Manager also confirmed with Biggs Koffard that the required Bond reserve should be 125% and not the 120% referenced by the previous attorney.

The Manager stated that the letter accepting the Audit must be signed by Judy Bertrand, a Board member and SDMS. She informed the Board that Mr. LeRoux did not think it would be a problem to obtain SDMS's signature as they managed the District in 2014. Ms. Bertrand did say she was requesting that Mr. LeRoux contact her if there were any issues at all; as the attorney may need to get involved in order to have the audit filed with the Colorado State Auditor by the September 30, 2015 deadline.

Mr. LeRoux stated that the total cost overage from SDMS failing to provide all documentation and respond to calls and emails was approximately \$4,000. He said he would try to see if a discount could be provided as this was not the fault of AAMD or MDM.

Director Williams made a Motion to accept the 2014 Audit; with Secretary Seaman seconding. The Board unanimously approved.

Secretary Seaman made a Motion to upload the 2014 Audit to the website; with Director Williams seconding said Motion. The Board unanimously approved once the final audit has been received.

2016 Budget: The Manager handed out the Draft Budget that had been revised based on discussion at the September 2, 2015 Preliminary Budget Work Session. Sandy Zuniga and Edith Coffman wanted to discuss the budget; however, as there was no notice of a public meeting on the Budget for this Regular Meeting the Manager stated it would violate the required notice. Treasurer Holder confirmed that notice must be given in advance and that the Manager was handing out the Draft Budget based on the previous budget work session.

Edith asked that Carmen Barker provide invoices for her out of scope work in 2016. The Manager stated that she had estimated \$5,400 for Carmen Barker's out of scope operations work and the ORC out of scope work at \$6,000.

NEW BUSINESS

Terry Malcolm Update: President Winterer stated that on September 9, 2015 Terry Malcolm plead guilty to 3 counts of theft and received 6 years per count. His sentencing will be held on November 30th and the public may speak.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion by Secretary Seaman; seconded by Director Williams, and upon unanimous vote, the meeting was adjourned at 8:25 p.m.

The next regular meeting is scheduled for October 21, 2015 at 6:00 p.m. at Police Department, 911 Tamarac Parkway, Woodland Park, Colorado

Respectfully submitted,
Judy Bertrand, District Manager: Secretary

THESE MINUTES APPROVED AS THE OFFICIAL SEPTEMBER 16, 2015 MINUTES OF ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS.

(Signed copy in possession of the District Manager)

David Belfiore, Director

Wade Holder, Treasurer

Rebecca Seaman, Secretary

Betty Williams, Director

Robert (Elric) Winterer, President