

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

October 16, 2019 at 5:30 P.M.

Divide Fire Station, 103 Cedar Mountain Road, Divide, Colorado 80814

In attendance were Directors:

Edith Coffman, President
Lucas Ortivez, Secretary
Lanny Hoel, Treasurer
Allan Brown, Assistant Secretary
Stan Claassen, Assistant Secretary

Also, in attendance were:

Lynn Willow, ORC
Kevin Walker, WSDM
Lori VonFeldt, WSDM
Members of the public (see sign-in sheet)

1. Administrative Matters

a. Call to Order & Declaration of Quorum – Secretary Ortivez:

Secretary Ortivez called the meeting to order at 5:30 p.m. Secretary Ortivez confirmed a quorum was present.

b. Introduction of new Board Members – Director Brown and Director Claassen:

Secretary Ortivez introduced Director Brown and Director Claassen.

c. Confirm any Potential Conflicts of Interest:

The Board confirmed there were no potential conflicts of interest.

d. Discussion and Approval of the Agenda:

The Board approved the agenda.

e. Election of officers:

Mr. Walker went over the official process of the election of officers. Director Ortivez opened the nominations for President. Director Hoel nominated Edith Coffman for President; seconded by Director Ortivez. Director Brown nominated Stan Claassen for President; seconded by Director Claassen. Edith Coffman was elected President. President Coffman opened the nominations for Treasurer. President Coffman nominated Lanny Hoel as Treasurer; seconded by Director Ortivez. Director Brown nominated Stan Claassen for Treasurer; seconded by Director Claassen. Lanny Hoel was elected Treasurer.

f. Review and Approval of the August Board of Directors Meeting Minutes:

Director Hoel moved to approve the August meeting minutes; seconded by Director Ortivez. Motion passed unanimously.

2. Financial Matters

a. Review of billing and collection status:

Ms. VonFeldt reported on billing and collection status. In September, there were 19 reminder letters sent, 15 warning letters, 11 shutoff notices, and 4 shutoffs attempted. One valve for a shutoff was unable to be located. Mr. Willow confirmed it was located

today. Ms. VonFeldt noted reminder letters would be sent out on October 15th. The Board discussed the increase in warning letters from last month. Ms. VonFeldt pointed out that the bill will show the old meter reading as well as the new meter readings. Ms. VonFeldt reported that 8 customers are signed up for autopay and they would like to get more people signed up.

b. Review and approve the Payment of Claims:

The Board reviewed the payment of claims. The Board and Mr. Willow discussed a subcontractor who assists him with work as needed. Mr. Walker explained Mr. Willow's contract could be amended to include hours for an assistant or make a second contract with whoever assists him. Mr. Willow confirmed that he could allow work to be done by an assistant under his license, insurance, and guidance. The Board discussed the contract that Mr. Willow is currently working under. Director Ortivez moved to approve the payment of claims; seconded by Director Hoel. Motion passed unanimously.

c. Review and accept the September 2019 Financial Status:

Director Ortivez moved to ratify the payment of claims from September 2019; seconded by Director Hoel. Motion passed unanimously.

1. Dashboard Report:

Mr. Walker went over the Dashboard Report included in the financials and noted it reflects the numbers in the profit and loss. Director Brown thanked Mr. Walker for updating the financials on the website. Director Hoel moved to accept the Financials; seconded by Director Ortivez. Motion passed unanimously.

2. Current Cash Status

See item d.

d. Review of Bond Debt/Loans/Grants

1. Existing:

Mr. Walker explained the district is paying on 2007 bonds which have \$1,170,000 remaining to pay. The bonds are paid on a semi-annual basis and we are now paying the principal down since the first few years were interest payments. Another principal payment of \$60,000 will be due in December. Mr. Walker discussed the \$99,284.39 loan with the NRWA from 2011 that is currently active and paid monthly with \$58,499 remaining. Mr. Walker went over the \$10,000 planning and design grant that was collected and no longer active. Mr. Walker discussed the Energy Impact Assistance Fund grant for \$200,000 that was used for design and the purchase of the water meters with \$45,000 left that will be used to finish the water meter project. Mr. Walker discussed the loan for up to \$400,000 for the meter project. Currently, \$216,000 has been drawn and anticipates another \$20,000 to \$30,000 to complete the project. The district will begin payments on this 10-year loan next year, based on the amount the district draws. Mr. Walker went over the CDPHE Engineering grant that is being used for Mr. Sommers to design and assess upgrades to the existing system including tanks, pumps, wells and the current distribution system. There is currently \$176,000 left in the grant. Mr. Walker proposed a special meeting to have Mr.

Sommers come and brief the Board on his current status and how the existing system works and what AquaWorks recommends in terms of improvements by priority.

2. Pending:

Mr. Walker discussed that the district has been authorized to apply for a loan up to \$3 Million for the disadvantaged communities effort that was approved by DOLA in January that could be used to fund the system upgrades. The Board would need to decide on how to proceed relative to borrowing money to complete the projects and what the district can afford. Mr. Walker suggested discussing the findings relative to the payment structure at the special meeting. Mr. Walker noted the district applied for an energy assistance grant in August that is a matching grant to the \$3 Million loan, so waiting to see if the district is approved.

e. Budget Process

1. Preliminary Budget review:

Mr. Walker presented the proposed 2020 budget to the Board. Mr. Walker went over the revenue in the general fund, including the capital improvements fee projected at \$130,000, interest income at \$6,000, water service fee at \$107,503, and water usage projected at \$80,000. Mr. Walker noted there were very few changes in the proposed expenses from last year's budget. He noted a few budget items such as insurance that went up from last year and an extra \$6,000 budgeted due to 2020 an election year. The Board discussed insurance and a potential claim from a lightning strike that caused a pump to go out in September, and water had to be trucked in. Mr. Walker went over the remaining proposed expenses for the 2020 budget. Total projected expenses for O&M are \$220,000, and the total projected income is \$323,000; the difference is money owed for loans. The Board discussed improvement in water loss with the new meters and how that would affect the budget regarding water purchase and repairs. Mr. Walker discussed the debt service fund and that it is primarily funded by property taxes. He noted an increase in the assessed valuation, which will be \$121,000 from \$92,000 last year based on the County's preliminary assessment. A final assessment will be done at the end of November. Mr. Walker went over the expenses that include 2007 bond interest and principal payments which total \$119,000. He noted this would be the first year that property tax revenue will cover the 2007 bond principal and interest payments. Mr. Walker discussed the capital fund and noted a \$100,000 carryover from the design grant. He added that they included a \$1 Million loan and matching grant in the proposed budget in case the district is approved or wants to spend that on capital projects. He noted if it was not spent it could be carried over to the next year, and the budget could be amended if needed. Mr. Walker explained the Board would need to adopt a budget by December 15th and have it reported to the State by January 30th.

2. Budget hearing November

The Budget Hearing is scheduled for November 20, 2019.

3. Public comment and review from Website:

There was no comment.

f. Special Meeting to review finances and budgets prior to Budget Hearing:

The Board discussed holding a special meeting workshop to review the current system and the budget. Mr. Walker will check to see which upcoming Wednesday at 5:30 p.m. would be best to hold the special meeting.

g. Resolution to Certify the collection to the County Treasurer:

Mr. Walker explained one property owner had not paid their bill, and we have been unable to turn off their water. There have been several conversations with them to get them caught up or on a payment plan, and they have refused. The last resort is to certify the collection to the County Treasurer, who will put it on the tax bill for payment. The total amount to be certified is \$729.05, and the Treasurer adds fees as well for collection. He noted we could replace the meter and turn it off since the curb stop was located as of today if the Board wanted. Director Hoel moved to accept the Resolution to certify the collection to the County Treasurer; seconded by Director Claassen. Motion passed unanimously.

3. Old Business:

a. Review of Meter project status

1. Project status:

Mr. Walker reported the meter project is complete and they are going through final change orders and payments. He noted one meter was not replaced due to a missing curb stop. The billing software for the new meters is being worked out and should be ready next month.

2. Approval of the Change orders and Final Payments Velocity Constructors:

The Board reviewed the change orders and final payments for Velocity Constructors for items needing to be replaced in order to complete the project, such as damaged lines and unexpected conditions. Mr. Walker confirmed that Mr. Sommers reviewed the itemized list and approved it. Mr. Walker also confirmed there are no liens. Director Claassen moved to accept the change orders for Velocity Constructors; seconded by Director Ortivez. Motion passed unanimously.

3. Consideration of the water meter project closeout documents:

Director Hoel moved to accept the closeout of the contract with Velocity Constructors; seconded by Director Ortivez. Motion passed unanimously.

b. Election questions and answers:

Mr. Walker offered anyone to submit questions about the election. He noted the results are on the website as well and explained the difference between the preliminary and final results.

4. Operators Report:

a. ORC Report:

Mr. Willow reported that there was no water purchased this month. Bac-T test samples were negative, and all meters were installed, except for one. He noted drive-by meter readings would begin this week. Annual lead and copper testing were done, and we were above the maximum level for lead in two samples, so extra testing will be done for over the next 6 months. He confirmed there is no lead in the water or distribution system, but some of the older homes that are tested have copper pipes with lead solder and faucets that contain lead content. If the pH is off, it will draw chemicals out of the fixtures. Usual pH is between 5.9 and 6.3 which is slightly acidic. He explained they have soda ash pumps for the pH levels, but the water is safe. Mr. Walker said they would do a mailing next month, notifying everyone as well as sending information regarding lead as required by the State.

5. New Business:

a. Change to monthly billing:

The Board discussed changing to a monthly billing cycle. Mr. Willow confirmed he could do the meter reads in an hour or less, so there would be no reason he could not do a monthly reading. He added monthly billing had worked well with other systems. The Board asked Mr. Walker if monthly billing would cost more. He explained it would go up, but it would take less time each time. There would be no additional mailing costs. President Coffman noted there had been requests for monthly billing to help with budgeting. Mr. Walker explained they would need to restructure the fees if it is changed to monthly billing, and that could affect the income. He said he could do an analysis so the Board can see what the impact on the billing would be. After discussion, Mr. Walker will move forward as if monthly billing will be implemented January 1st, 2020 with the final decision to be made at a later date.

b. New website:

Mr. Walker explained that the State of Colorado offers free website hosting for special districts. The current website could be migrated over relatively easily. He noted that the current website does provide email addresses for the board members where the Colorado website would not. He suggested setting up a Gmail address instead and noted it would save the district \$50 per month. The migration would take about 90 days, and the new website could be advertised on the billing. The Board directed Mr. Walker to move forward with migrating the District's website to the free Colorado website hosting.

c. Proposal for electrical design and engineering:

Mr. Walker explained there is a \$4,000 proposal from Straight Edge Incorporated to do the electrical design for the new pump houses, and they came recommended by Mr. Sommers. Ms. VonFeldt noted the \$4,000 could be reimbursed to the district from the design and engineering grant. After discussion, the Board decided to wait until they could get more information from Mr. Sommers.

6. Other Business:

Director Brown commented that the district does not have a backup operator that is equivalent to Mr. Willow if something were to happen. Mr. Walker suggested speaking with other ORCs to see what they would charge to be on a standby basis.

President Coffman discussed that she wants all Directors to understand they should not seek out information or investigate without Board approval. She discussed Directors Brown and Claassen going to Walker Schooler District Managers and taking up time that the district could be charged for. Director Claassen requested board approval for himself or any board members to go to Walker Schooler and research as they think is appropriate with the caveat that Walker Schooler advises if there will be an additional cost. President Coffman said she thinks they will need to get board approval prior, and the Board can decide if it is appropriate. Director Brown moved to give all board members approval to contact Walker Schooler if there will not be any charge; seconded by Director Claassen. Mr. Walker said if he thinks it is getting out of hand, then he will cut it off and ask for Board approval, but he does think it is important to transition new board members. President Coffman agreed that would be fine but does not want it to be a habit and would like board approval first. The motion passed.

7. Public Comment:

President Coffman opened the meeting for public comment.

Mr. Winterer stated that Mr. Fiedler failed his training to become an ORC and has not pursued it as he should have. He asked if the reserve fund for the bond is at the required 125%. Mr. Walker confirmed that the District does have the funds in place, and the auditors have also confirmed that. He strongly suggested making the budget for water purchase \$45,000. The Board agreed that should be discussed.

Mr. Baker read two paragraphs out of Article 45 of the Colorado Statutes. He read another paragraph from the Secretary of State's website. He discussed a contract with Mr. Wayne Williams and the District and said he believes it is a violation of the oath of office of the Board.

A member of the public asked about expenditures for The Wallers and their attorneys and what was paid. Mr. Walker and President Coffman confirmed that the District did not pay anything for an attorney for the Wallers'. The Wallers did not have an attorney. Mr. Walker said the District paid for the District's interest, not the candidates' interest. Mr. Williams' engagement letter states that he represents the District. The member of the public said that The Wallers were paid by the water district but worded it, so it did not seem that way. Mrs. Betty Williams said she had charges put on her by people from the Board because they were afraid we spent money. President Coffman responded that according to the minutes, Mr. Baker had told the Board that the recall committee spent over \$32,000. Mr. Baker said there was a motion where the Board had a vote to spend up to \$30,000 that was edited out of the meeting minutes. President Coffman stated there is nothing edited out of the meeting minutes. Mrs. Betty Williams said she is not saying she spent any money and there are investigations going on, and it is sad when people of the District must do something like that. Mr. Walker said that this District is not involved in that and has not filed any claims or charges, only individuals.

A woman from the public thanked Directors Brown and Claassen for being on the Board.

Director Claassen asked if he could get a tour of the system with Mr. Willow. President Coffman noted that other board members might be interested in that as well. Mr. Walker will try and schedule that with the special meeting.

Director Brown said he would like to set up a process through billing or elsewhere where we could send out a monthly newsletter that highlights what is going on in the District that would go out to the entire District, including Trout Haven. Mr. Walker suggested having a board member write it and post it to the website. Director Brown said he would like to do one or two mailings and then shift to the website.

Mr. Walker reported there is a water main break on Sylvani that happened a few hours ago, so water is currently off in that area. Mr. Willow went over the cause and repairs.

8. Adjournment:

Director Brown moved to adjourn the meeting at 8:05 p.m.; seconded by Director Claassen. Motion passed unanimously.

THE NEXT REGULARLY SCHEDULED MEETING WILL BE HELD ON WEDNESDAY, NOVEMBER 20, 2019 at 5:30 p.m. at the DIVIDE FIRE STATION, 103 CEDAR MOUNTAIN ROAD, DIVIDE, COLORADO 80814

Respectfully Submitted,
Walker Schooler District Managers

By: Kristina Kulick for the Recording Secretary

THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 16, 2019 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

Edith Coffman, President

Lucas Ortivez, Secretary

Lanny Hoel, Treasurer

Allan Brown, Assistant Secretary

Stan Claassen, Assistant Secretary