

RECORD OF PROCEEDINGS

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
ARABIAN ACRES METROPOLITAN DISTRICT
HELD
AUGUST 20, 2014**

A regular meeting of the Board of Directors of the Arabian Acres Metropolitan District (the "Board") was duly held on Wednesday, August 20, 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 Fritche, Esq.; Collins Cockrel & Cole, P.C.

*David O'Leary; Spencer Fane Britt & Brown, LLP (via speakerphone-where noted)

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.

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

Minutes: The Board reviewed the Minutes of the July 16, 2014 Regular Meeting and the July 30, 2014 Special Meeting.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, unanimously carried, the Minutes of the July 16, 2014 Regular Meeting and the July 30, 2014 Special Meeting were approved.

PUBLIC COMMENTS

- What can be done to increase communication? Mr. Italiano explained the email blast vs website use.

Director Winterer, as secretary, noted that he has now begun to take over use of the email list.

- Does the website give citizens the opportunity to send in feedback?
- Request options under consideration regarding Special District Management Services, Inc. cancellation.
- Motion should also include Board discussion.
- Read from Title 24 regarding CO Sunshine Law
- Trout Haven resident asked about Lost Dutchman executive sessions and how more information could be obtained.

OPERATOR'S REPORT

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

FINANCIAL MATTERS

Claims: The Board considered approval of payment of claims through the period ending August 20, 2014, totaling \$40,589.61.

Following discussion, upon motion duly made by Director Winterer, seconded by Director Hoel and, upon vote, carried with Directors Winterer, Hoel and Coffman voting "Yes" and Director Holder voting "No", the Board approved the payment of claims through the period ending August 20, 2014, totaling \$40,589.61.

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Cash Position Statement: Mr. Italiano distributed cash position statement as of August 12, 2014 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 approved the cash position statement.

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

LEGAL MATTERS

Board Vacancy: Attorney Fritsche discussed with the Board the legality of filing a vacancy on the Board of Directors. Ms. Seaman addressed the Board and spoke about herself and her interests/background and desire to be on the Board. Director Coffman thanked her for her interest and noted that Ms. Seaman would hear back from the Board prior to the September Board meeting.

*Attorney O'Leary joined the meeting at this time via speakerphone.

Settlement Agreement: Director Coffman asked Attorney O'Leary to explain the process and events leading up to this item.

Attorney O'Leary briefed the Board as to the past due invoices for Special District Management Services, Inc. and Collins Cockrel & Cole, P. C. and the concept of a "friendly lawsuit" to permit courts to enter a judgment or lien of up to 10 mills until the debt is paid off.

Following discussion, upon motion duly made by Director Coffman, seconded by Director Hoel and, upon vote, carried with Directors Winterer, Hoel and Coffman voting "Yes" and Director Holder voting "No", the Board approved the Settlement Agreement.

Resolution to Permit the Application to 1st Bank for a District Credit Card (Operator Use) and to adopt a Policy and Procedure for the use: The Board discussed the Resolution Adopting a District Credit Card Policy and Procedures and Authorizing Credit Card User.

Following discussion, upon motion duly made by Director Coffman, seconded by Director Hoel and, upon vote, carried with Directors Winterer, Hoel and Coffman voting "Yes" and Director Holder voting "No", the Board adopted the Resolution Adopting a District Credit Card Policy and Procedures and

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Authorizing Credit Card User, subject to the addition of "See Photo Id" added to the Back of the Credit Card.

PUBLIC COMMENT

- With the Settlement Agreement approved does Special District Management Services, Inc. and Collins Cockrel & Cole P.C. need to be retained in the future?
 - The Credit Card Policy should also include a transaction limit and a max credit limit.
 - Please discuss status of grant/loans and how and when the State MHI is determined.
 - How did the \$113,000 settlement come to be?
 - TH Estates Residents (most of us) get no water from the District but pay 24 mills. Now we will have to pay 34 mills which is not fair.
 - Is the settlement/Judgment Lien against individual properties?
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EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes, upon motion duly made by Director Hoel, seconded by Director Winterer and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 8:45 p.m. for the purpose of receiving legal advice and instructing negotiators on matters related to the following: Lost Dutchman Appeal to Board of County Commissioners of Denial of Petition for Exclusion; Complaint filed on behalf of Peter and Jacqueline Kuyper, PK Enterprises, Inc., and TH Promotions under the District's Rules and Regulations.

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 9:30 p.m.

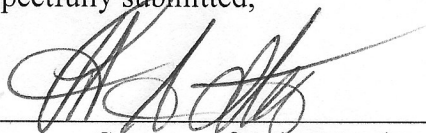
ADJOURNMENT

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.

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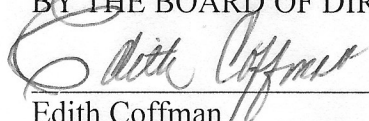
Respectfully submitted,

By

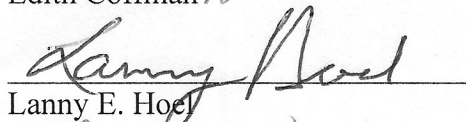


Secretary for the Meeting

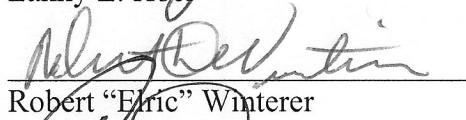
THESE MINUTES ARE APPROVED AS THE OFFICIAL AUGUST 20,
2014 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT
BY THE BOARD OF DIRECTORS SIGNING BELOW:



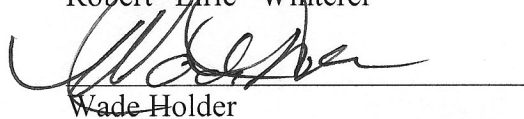
Edith Coffman



Lanny E. Hoel



Robert "Eric" Winterer



Wade Holder

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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 8:45 p.m. on August 20, 2014 for the sole purpose of discussing matters related to the following: Lost Dutchman Appeal to Board of County Commissioners of Denial of Petition for Exclusion; Complaint filed on behalf of Peter and Jacqueline Kuyper, PK Enterprises, Inc., and TH Promotions under the District's Rules and Regulations. 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:

9/17/2014