

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

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

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

In attendance were Directors:

Jennifer Waller, President
Craig Waller, Treasurer
Edith Coffman, Assistant Secretary
Lucas Ortivez, Secretary
Lanny Hoel, Assistant Secretary

Also in attendance were:

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

1. Administrative Matters:

- a. Call to Order and Declaration of Quorum: President Waller called the meeting to order at 5:32 p.m. President Waller confirmed a quorum and that all board members were present.
- b. Confirm any potential conflicts of interest: President Waller confirmed with the Board that there were no potential conflicts of interest.
- c. Introductions: President Waller noted that public comment was moved to the end of the meeting. President Waller introduced the board members and Mr. Walker, Ms. VonFeldt and Mrs. Kulick with Walker Schooler District Managers.
- d. Discuss and Approve the Agenda: President Waller confirmed the Board had time to look over the Agenda. Director Hoel moved to approve the Agenda; seconded by Treasurer Waller. Motion passed unanimously.
- e. Review and Approval of the December Board of Directors Meeting Minutes: Director Ortivez moved to approve the December Board of Directors Meeting Minutes; seconded by Director Hoel. Motion passed unanimously.
- f. President's Report: President Waller discussed a false report and accusation made to the County about water quality. The report and accusation was investigated and tests were done that showed the water is fine. President Waller said if they find out who made the false report, the Board will prosecute since this is the third false accusation. She explained that it is part of Mr. Willow's job to test the water. A member of the public asked what the recourse is for making false claims. President Waller said the State could file charges. President Waller went on to say the water has tested remarkably well every time it has been tested. She explained the State gives Mr. Willow addresses to test and dictates every move he makes, and if there is an issue the State dictates that as well. President Waller stated that she wants these false reports to stop and the Board is trying to move things forward and she is very proud of the Board and is hoping to get a lot done in the future. She added that she is ready to work with the public and for the public, but we need to move past these things.

President Waller discussed a leak that occurred last month. She said she worked with Mr. Willow to help look for the leak and to try and better understand the process. Mr. Willow found the leak in the service line from the street to the house. Water was ordered and trucked in for 5 days before it was found, but it has since been repaired. President Waller noted the water budget was helpful and will keep it in the future. President Waller recommended that everyone continue to check their homes and be proactive in checking for leaks to help preserve the resource.

President Waller said we are moving forward with WSDM and getting things done. She added that it has been remarkable to work with WSDM and she has been asking a lot of questions, restructuring things as needed and getting a handle on some accounts and reports and making sure access to accounts are handled. Bank account access will be taken care of and the billing will be moved to WSDM as of Friday. President Waller noted that last meeting there was a sample bill passed around and she encouraged the public to let WSDM know if there are any changes or requests needed on the bill. She said WSDM will always answer calls and questions. Mr. Walker noted they are working on administrative charges being broken down. President Waller said she is excited to have everything done by one Manager again which will be better for the District. President Waller said it has been great to have calls answered and questions answered quickly from WSDM and the customer service has been great. She encouraged the public to contact WSDM with any questions and concerns.

2. Operator's Report:

- a. ORC Report: Mr. Willow updated the Board on recent water test results and noted they have been posted on the website. Mr. Willow discussed the water line break that caused the water emergency last month. Mr. Willow said the results of the conversation with the State after the anonymous phone call making false accusations on water quality is also posted on the website. Mr. Willow discussed the freezing temperatures and reminded the public they have one free turn-on, turn-off if needed to prevent leaks and pipe breaks. Mr. Willow discussed that once the new meters are in it will be easier to find leaks in service line. When everything is frozen, he must walk around houses and just hope to hear or see the leak when searching. Some houses are on large lots and water will take the path of least resistance and water might start coming up, but it has to come up through 4 feet of frost. The current process is very time consuming. Mr. Willow noted the great response from residents who checked their homes and properties which was very helpful, and he was thankful since it helped isolate areas that he needed to check. Once the new meters are in, he will be able to see if water is running through a meter and if average usage is higher. He said he could probably find the leak in 5 minutes which currently takes 5 days. The new meters will be one more tool to prevent having to purchase water. A member of the public asked what caused the leak. Mr. Willow said it was caused by a frozen broken pipe and the resident was out of town. Mr. Willow said a resident can call him directly if they are leaving town and his number is on the website. A member of the public asked about the service line quality based on age of homes. Mr. Willow said the service lines are old. There are a few copper lines in the District that are better, but the rest are old. A member of the public asked how he found the leak. Mr. Willow said it was just luck and perseverance by checking every house.
- b. 50 Gerka: President Waller explained the original plan with contractors working on 50 Gerka and that if the District provided materials, they would dig 220 feet for free. They have since reneged on the agreement. She said the material is there and in the Spring they will make a tap. President Waller just wanted to make sure the Board was aware.

3. Financial Matters:

- a. **Review and Approve the Payment of Claims:** Ms. VonFeldt updated the Board and said she emailed the payment draw for the checks. She noted two invoices for AmCoBi for June and July that are included in the draw, and that will bring the District current with AmCoBi not including the final bill for January. She explained that everything else was normal monthly invoices for the District. Ms. VonFeldt noted the financials for year-end 2018 up to today and that she is still waiting on the invoice for Gold Rush for the water that was purchased. Mr. Willow said the bookkeeper told him they sent it to the previous manager, Ms. Bertrand, so they are going to resend to WSDM. President Waller said she has sent emails out to inform accounts of the new billing with WSDM. Mr. Willow confirmed he let them know as well, but there was just an error on their part. Director Coffman asked if we will be approving the payment to Gold Rush once the invoice was received. The Board agreed to approve the payment. Director Coffman moved to approve the payment of claims including the two invoices that will be received from Gold Rush; seconded by Director Ortivez. Motion passed unanimously.
- b. **Review and Accept the December 2018 Financial Statements:** Treasurer Waller moved to accept the December 2018 financial statements; seconded by Director Hoel. Motion passed unanimously.
- c. **Review Outstanding Debt and Liabilities:** President Waller asked Ms. VonFeldt about the possibility of moving the bank account to another bank closer to Colorado Springs. Ms. VonFeldt explained previously the customer payments and deposits would go directly to AmCoBi and eventually go into the District's account. She recommended opening an account at Eastern Co Bank so she would be able to directly deposit funds into the District's account. Director Coffman asked if that would affect the credit card for Mr. Willow. Ms. VonFeldt and Treasurer Waller confirmed it would not change anything with the credit card. The Board discussed that it would be a great idea to open an account at Eastern Co Bank. Director Coffman moved to close the Key Bank account and move it to the Eastern Co Bank; seconded by Treasurer Waller. Motion passed unanimously. Ms. VonFeldt said she will get the paperwork together. President Waller noted that all paperwork has been done so the current board members are signers on the account with Colorado Trust. Passwords and logins have been changed as well. President Waller noted the next bond payment to Colorado Trust will be due in June.

4. Other Business:

President Waller discussed that she met with Mr. Sommers and WSDM on January 4th to go over the upcoming meter project. She explained that she signed the PO to lock in the price of the meters to prevent the 5-25% price increase, as well as the 10% fee that would have been incurred on January 1st as well as the tariffs that would go into effect if the PO was not signed. She confirmed they have locked in the prices and they will not be increased. She also discussed that they did get information on a grant and paperwork on the loans have been received, just waiting to review with WSDM before signing. Mr. Walker explained this is the grant that will retroactively pay Mr. Sommers. Mr. Walker noted the underwriter called him about refinancing the current debt of the District. President Waller said Mr. Kyle Thomas, the underwriter of the 2007 municipal bonds emailed her and said to contact him with any questions if they were interested in refinancing the bonds. President Waller asked how they would move forward to get information. Mr. Walker said if the Board authorized him, he could call and find out current interest rates and see if it would be a benefit to the District. He noted that interest rates may have gone down and could save the District money over time if we are able to do it. Mr. Walker could make an introductory call and report back to the Board next month. Director Ortivez agreed it would be a good idea. The Board directed Mr. Walker to contact the underwriter. President Waller asked Mr. Walker if he has been in contact with Mr. Clay Brown. Mr. Walker said he has

not. President Waller discussed how she wants a cohesive Board and transparency. She explained that she has an idea and wants everyone to be able to communicate their goals for the District. She passed out a Vision for the District Questionnaire to the Board and suggested they discuss it at the next board meeting and possibly incorporate it into the regular meeting or special work session. She thinks it would help the Board to be more cohesive. President Waller asked the Board for feedback and if they would like to do this as well. The Board agreed that it would be a good idea.

5. Public Comment:

Mrs. Nell Carnien asked where the management office is located. Mr. Walker said it is in Downtown Colorado Springs. She asked if there is any provision for a late payment that is postmarked within the time frame and if there would still be a late fee. Mr. Walker explained the payment is due the last day of the month and there is a 5 day grace period, so if it is received within that first 5 days of the month it will not be late. Mr. Walker confirmed they are still able to pay online. Mr. Walker confirmed there is a fee to pay online currently, but they are trying to find out how to have the fee absorbed, but the State charges their own fee. Mr. Walker said they will continue to work to remove the fee.

Mr. Al Brown said the new website looks much better. It is still lacking a little bit of data but is better. President Waller said she has been working on scanning in past meeting minutes, agendas, ORC reports, and financials. She added that they had a discussion with Mr. Sommers and Treasurer Waller is going to have a page on Capital Improvements Updates that will be put on the website. Mr. Sommers will update that page with information for the District as well as a way to ask him questions. Treasurer Waller said there is a CIP button on the website where Mr. Sommers will add information. Mr. Brown asked when the 2018 audit will be done. Ms. VonFeldt said we received an engagement letter, and the Board will just need to review it. Ms. VonFeldt recommended doing a full audit. She said all districts are scheduled for their audit in March. Mr. Walker said we can review the engagement letter and discuss next month. Director Coffman asked how expensive the audit will be. Ms. VonFeldt said between \$5,000 or \$6,000. Ms. VonFeldt confirmed BiggsKofford will be doing the audit.

Mr. Elric Winterer said he did not get an email with the Agenda. President Waller said she sent them out twice but will double check that. Treasurer Waller noted they are in process of updating emails. Mr. Winterer told Mr. Willow they filled a big bucket of water from his shower that has sediment in it. Mr. Willow said he will look into it, but after the recent leak they may have been pulling up stuff. He noted they will have an inspection done on the tank soon as well.

Mrs. Marilyn Callan asked for the amount of the loan that we are looking at. President Waller said it is a \$400,000 loan. She explained we do not have to take all \$400,000, but we applied for the full amount not knowing if we would get grants and to be covered for the meter project. Since we did get the grants, we will only take \$300,000.

Ms. Liz Worbington asked about the \$75 fee that was said to come off at the end of the year, but it is still there. President Waller said the understanding was when that was paid off, the fee would come off. She explained they have paid off everything with Mr. Malcolm since December, however we did not know that money was used in applying for the loans and grants and used for capital improvement projects. Without that money, it would have caused problems. She explained the Board in September or October discussed that they would change the name from the supplemental fee to the capital improvement fee and it would remain. President Waller said that at the very least, they will look at the fee at a yearly basis to see if it can be lowered or

removed but as is right now we cannot get rid of the fee and the District cannot be without that income. It would disqualify us for the loans so it must stay in place. Mrs. Worthington asked what if the people refuse to pay it. Mr. Walker said we would have to start a collection process. Mr. Walker said he understands people are upset, but that is the explanation. Director Coffman explained that the District had so many bills without money to pay them in the past after the Mr. Malcolm incident. She said that the previous manager would not remove the fee to build up a capital account, and it was designated to pay the bills. Director Coffman said it was supposed to be taken off, but it has been changed to a capital improvement fund to help supplement the improvements for the District. Mr. Winterer said improvements we are desperately in need of, and he was President of the Board in the past.

Mr. Craig Baker asked about bond payments. President Waller said we still have the 24 mill levy to pay the bond. Mr. Baker said the bond issue is addressed by ballot issue 5B that was voted on. Mr. Winterer said we would have to go back to the County and have the mill levy increased including those in Trout Haven. He said he doesn't want to do that to the Trout Haven residents who are not involved. Mrs. Callan said if we have to have the fee to qualify for a loan, then we have to continue it. The Board said yes, for a while. President Waller said we have to continue it to qualify for grants and loans we have qualified for and those we will be pursuing in the future for drilling wells and a new tank. She also reiterated that the third part of the project in Trout Haven has been tabled. As we move forward and get loans and grants to complete the improvements, we are able to pay the loans back and we get in a better position to get rid of the fee as infrastructure and finances are more stable. Mr. Shawn Smythe asked whose decision it was to make the fee included as regular income. President Waller said the previous manager included it without asking the Board. Mr. Winterer said it was included as income at the time because we needed it to pay the bond. The Board clarified it was used to qualify for the loans and grants, not the bonds. Director Coffman said it was included as income to qualify for the loan. President Waller said it was never brought to the Board to ask. Ms. Smythe asked about regulations on funds without Board approval. Mr. Walker said the fee was established legally at the beginning of this and it must be advertised. Unless there was a legal requirement, you can reclassify the fee. Mr. Smythe said there is not much we can do about it now and not a good position to put residents in.

Mr. Leonard Arias asked if the supplemental charge was required to qualify for the \$300,000 loan or the \$400,000 loan. President Waller said it was required for any loan. She clarified that we requested a \$400,000 loan, but we can draw less on the loan. Mr. Arias said if we requested a lower loan, wouldn't we need less income, so may not need the fee. Mr. Walker said the State operates in different standards. Mr. Walker said he would look at speaking with the State about requirements and qualifications, and he would like to be able to answer these questions after looking into it. Mr. Arias said it seems like déjà vu because last time he was here, the District was getting a new management company and he thinks these ideas would have been thought of before getting the loans. President Waller explained there were decisions made by the previous manager that were not brought up specifically with the Board. She said she cannot answer why the Board did not question everything but moving forward these questions will be asked. Mr. Bob Carnein said when you apply for loans and don't have a grant in place, you have to request a loan. You cannot change after the fact. Mr. Carnein asked if we still have the same attorney. President Waller said yes, but the Board is looking at our options. He asked if the attorney looked at the fee change. President Waller said the Board approved the name change of the fee on the advice of our previous manager to the Capital Improvement fee. Mr. Carnein asked if they considered raising rates. President Waller said they are open to discussing that and it could be an alternative to the fee. She said they are willing to look at every option. Mr. Winterer said on the

previous Board, they talked about raising rates, but people use less water and you lose money and it does not help the District. Mr. Brown said after looking at financial statements, they are in a good position with cash flow. The real concern is for the potential \$3 Million loan and if current income could cover all the expenses. President Waller said we are set with the meter project and are moving forward. She added that there is already a lot of questions about the second project and the money involved. Questions on if we can really do it and are the numbers right. She said she has been wanting to ask WSDM about the feasibility and if they can look into it to help residents understand what it is feasible for the District to do loan and money wise. Mr. Walker said he could absolutely look into that. President Waller said she wants everyone to feel like we are making the right decisions. Mr. Walker said it is part of his job to get to a decision and see if it can be paid back. He said the State has already decided they can do it, but he can definitely look more into that. Mr. Baker said we are already down in usage right now, and are we considering the fact that people use less when it costs more. Mr. Walker said that is an occurrence of all districts right now. Water is being seen as more precious and people all over are using less. There are fixed charges, such as the \$75 that help with that. Mrs. Callan said she knows we need to improve infrastructure and we need a new tank, but she wants to know if we can really afford it. Mr. Winterer asked if the second phase would be done all at once, or would it be broken up into a few years and the \$3 Million would be broken down into smaller payments as well. The Board discussed a \$1 Million grant from DOLA that is in the works. Mr. Carnein said although \$3 Million is a lot of money, Florissant got a grant to help and we could be able to tap into some money of that kind. His concern is that we make sure we have the water to sell before we expand the system.

6. Adjournment:

The meeting was adjourned at 7:06 p.m. The next regular scheduled meeting is Wednesday, February 20, 2019 at 5:30 p.m.

Respectfully Submitted,
Walker Schooler District Managers

By: Kristina Kulick for the Recording Secretary

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

Jennifer Waller, President

Lucas Ortivez, Secretary

ALABAMA ACRES METROPOLITAN DISTRICT

MONTHLY OPERATIONS REPORT

Craig Waller, Treasurer

January 15, 2019 to February 15, 2019
Submitted by: Lynn Wilcox, O.R.C. Operator

TOTAL WATER PUMPED

Control A	398,739
Control B	121,912

Edith Coffman, Assistant Secretary

TOTAL PURCHASED WATER

Treated - 0

Lanny Hoel, Assistant Secretary

OPERATIONS & MAINTENANCE ISSUES

- 1) Bio-T samples for the month have been taken and are negative.
- 2) Rebuilt a chemical pump at control A.
- 3) Treated water on at new resident on Darwood.
- 4) Attended Colorado Rural Water Association conference in Denver, Co.

OTHER BUSINESS:

I will stay after each BOD meeting (when I can) for a short period of time to answer any questions regarding water treatment and distribution.

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