

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE ARABIAN ACRES METROPOLITAN DISTRICT HELD OCTOBER 15, 2014

A special meeting of the Board of Directors of the Arabian Acres Metropolitan District (the "Board") was duly held on Wednesday, October 15, 2014, at 6:00 p.m., at the Shining Mountain Golf Club, Community Room, Lower Level, 100 Shining Mountain Lane, Woodland Park, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Edith Coffman
Lanny E. Hoel
Wade Holder
Rebecca Seaman

Following discussion, upon motion duly made by Director Hoel, seconded by Director Holder and, upon vote, unanimously carried, the absence of Robert "Elric" Winterer was excused.

Also In Attendance Were:

Peter Italiano; Special District Management Services, Inc.

Joan Fritsche, Esq.; Collins Cockrel & Cole, P.C.

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.

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ADMINISTRATIVE MATTERS

Agenda: Director Coffman reviewed the proposed Agenda for the District's special Board Meeting.

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

Minutes: The Board reviewed the Minutes of the September 17, 2014 Regular Meeting.

Following discussion, upon motion duly made by Director Seaman, seconded by Director Holder and, upon vote, unanimously carried, the Minutes of the September 17, 2014 Regular Meeting were approved.

Preliminary Engineering Report: The Board reviewed the draft report. Received briefing from Mr. Adam Sommers. Director Seaman discussed with the Board her research with other firms and provided a hand out regarding the USDA.

Following discussion, upon motion duly made by Director Hoel, seconded by Director Holder and, upon vote, unanimously carried, the Board accepted the draft report with the letter to the USDA.

PUBLIC COMMENTS

Comments and Questions:

- Mr. Nash submitted a request to the Board to terminate Special District Management Services, Inc.
- Mr. Sowa submitted a request to the Board to terminate Special District Management Services, Inc. Mr. Sowa also asked the Board to join coalition of other local water providers.
- Ms. Williams provided a handout regarding the costs of Special District Management Services, Inc.
- Mrs. Sowa questioned the Board regarding the Board members obtaining a stipend.
- Mr. Meadows asked the Board whether or not they think the District can afford Special District Management Services, Inc.

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- Mr. Nealy addressed the Board with questions about:
 1. Whether Aquaworks has experience with the USDA?
 2. He advised the Board against taking loans in general, including from the State RLF.
- Ms. McGinty addressed the Board and handed out information about her firm's services.

Correspondence:

Director Coffman read a letter from Mr. Sowa regarding participation with the local coalition of water providers and suggested that citizen volunteers may want to attend and bring back information to the Board. Director Holder volunteered to represent the Board.

Director Coffman discussed an email from Kathy Barthels-Hansen at the local newspaper (UTE County News) regarding (at-trade) "Donations" to the District via local vendors. Half page ads run \$400.00. The Board will take it under consideration.

OPERATOR'S REPORT

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

FINANCIAL MATTERS

Claims: The Board considered approval of payment of claims through the period ending October 15, 2014, totaling \$18,098.38.

Following discussion, upon motion duly made by Director Coffman, seconded by Director Hoel and, upon vote, passed with Directors Coffman, Hoel, and Seaman voting "YES" and Director Holder voting "NO", the Board approved the payment of claims through the period ending October 15, 2014, totaling \$18,098.38.

Cash Position Statement: Mr. Italiano distributed cash position statement as of October 9, 2014 for the Board's review.

Following discussion, upon motion duly made by Director Hoel, seconded by Director Seaman and, upon vote, unanimously carried, the Board approved the cash position statement.

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Delinquent Accounts: Mr. Italiano distributed the delinquent accounts report and the unpaid invoice report for the Board's review. Mr. Italiano also distributed for the Boards review Special District Managements Services, Inc.'s Professional Services brochure to aid the Board in understanding the full Breadth of services provided by Special District Management Services, Inc.

2015 Budget: Mr. Italiano presented the 2014 amended draft budget, 2015 draft budget and 2015 forecast of cash basis for the Boards review.

LEGAL MATTERS

Trout Haven Entities Settlement Agreement: Attorney Fritsche reviewed with the Board correspondence regarding the conclusion of the Lost Dutchman rate and exclusion dispute.

Statutory Requirements: Attorney Fritsche briefed the Board on statutory requirements including the budget hearing, rates, fees and charges meeting and delinquent account certification.

PUBLIC COMMENT

Ms. Williams addressed the Board with questions about:

- Who does the Minutes and why is the Board not doing them for free?
- If a friendly lawsuit was brought against you, would you fire them?

Ms. Zuniga addressed the Board with questions about:

- Election cancellation fees- should they be included?

Ms. Barthels-Hansen addressed the Board with questions about:

- How will I know if you want my free ad offer?

Mr. Scott addressed the Board with questions about:

- Who reviews the minutes?
- Who reviews the bills?

Mr. Scott thanked the Board members for their work.

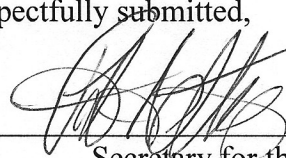
ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Hoel, seconded by Director Holder and, upon vote, unanimously carried, the meeting was adjourned.

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Respectfully submitted,

By

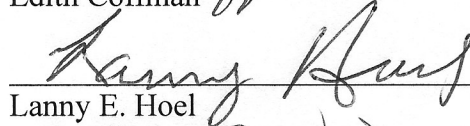


Secretary for the Meeting

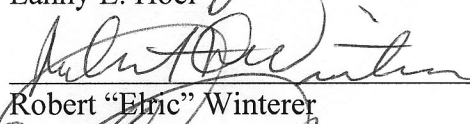
THESE MINUTES ARE APPROVED AS THE OFFICIAL OCTOBER 15,
2014 MINUTES OF THE ARABIAN ACRES METROPOLITAN DISTRICT
BY THE BOARD OF DIRECTORS SIGNING BELOW:



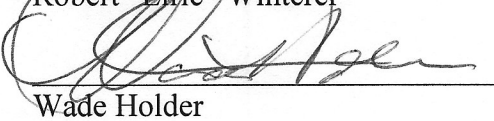
Edith Coffman



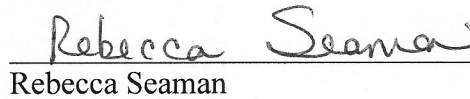
Lanny E. Hoel



Robert "Eric" Winterer



Wade Holder



Rebecca Seaman