



MEMORANDUM

TO: ARABIAN ACRES METROPOLITAN DISTRICT BOARD
FROM: REBECCA HARRIS, DISTRICT MANAGER
SUBJECT: REVIEW OF FINANCIAL AND DEBT
DATE: SEPTEMBER 1, 2023
CC: JASON DOWNIE, P.C.

1. What is the Status of paying the costs associated with the Terry Malcolm Embezzlement?
 - a. The District incurred costs related to the Terry Malcolm Embezzlement that exceeded the revenue the District was going to be able to afford at the time. This caused the District to issue 2 additional mills to help generate revenue to pay those associated costs.
 - b. As of 2019, those mills (additional tax) were removed as all costs were paid.
2. What are all our current Debts?
 - a. National Rural Water Association 2013 Loan - Original Amount: \$102,143.56
Current left owing: \$30,062.18
 - b. Zion's Bank 2007 Bond - Original Amount: \$1,425,000 Current left owing: \$970,000
 - c. DWRF Loan - Original Amount: \$1,500,000 Current left owing: \$1,062,557.99
 - d. CWCB Meter Loan - Original Amount: \$400,000 Current left owing: \$174,653.81
3. Is there a call date on the bonds to pay off early?
 - a. National Rural Water Association - No
 - b. Zion's Bank - Yes 12/1/2016
 - c. DWRF Loan - No
 - d. CWCB Meter Loan - No
4. Review mill rates and tax revenue
 - a. Included in the attached Financial Analysis
5. Financial analysis (attached)
6. Is there a prepayment penalty?
 - a. National Rural Water Association - No
 - b. Zion's Bank - No
 - c. DWRF Loan - Not with written notice. Applied to accrued interest and then to the principle of the Loan.
 - d. CWCB Meter Loan - Matures in 2028
7. Which point can they be refinanced?
 - a. Bonds can be refinanced by their call date

Nation Rural Water Association

NRWA – Revolving Loan was to build new wells, went into default in 2014.
Maturity Date: July 1, 2025

Relation to Terry Malcom: This Loan was originally started under the Management of Terry Malcom for building new wells. The Forensic Audit from BiggsKofford in 2013 helped to determine this loan was never used for its original intended purpose (build new wells) and rather pocketed to Terry through a variety of means (direct payment to Terry, Payment to AFY (family-owned company), and depositing back and forth between Cascade Metropolitan District No. 1)

Costs associated with Attorneys, accountants, auditors, etc., were paid through the Teller County Treasurer per the Judgement by a 2 mill levy that went away after 2019.

***Attached Forensic Audit Report*

Zion's Bank – Bond

Water Revenue Refunding Bond
Maturity Date: Dec. 31, 2030

This Bond was a refinance in 2007 for the 2003 Limited Tax General Obligation Bonds. Current Milly Levy is obligated to pay this debt. Including Trout Haven properties are obligated to this debt until maturity.

DWRF Loan

Drinking Water Revolving Fund Loan
Maturity Date: Nov. 1, 2050

Disadvantaged Communities Loan Program. We must maintain 3 months of Operations and Maintenance in reserves for budget year.

This Loan is strictly for rehabilitating the existing distribution system, constructing a new storage tank, existing storage facility improvements, installing a new well, improvements to existing wells, new water treatment facilities, treatment upgrades and additional contact time piping.

CWCB Meter Loan

Colorado Water Conservation Board Loan
Maturity Date: Mar 2030

Design & Engineering Loan. This is strictly for the project associated with a new water storage tank, additional, tank level control, hydrofracture existing wells, drilling and connecting new wells, redrilling well #3, well treatment building improvements, install additional disinfection pipe at Building B, and replace existing water lines throughout the District.