

RECORD OF PROCEEDINGS

**CONTINUED SPECIAL MEETING
OF THE BOARD OF DIRECTORS
ALPENSEE WATER DISTRICT**

HELD: Wednesday, June 14, 2012, at 1:00 p.m. at Summit County Community and Senior Center, 0083 Nancy's Place, Frisco, Colorado.

ATTENDANCE:

A continued special meeting of the Board of Directors of Alpensee Water District, Summit County, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Richard Savidge, President
Donald R. Skotty, Treasurer
Candace Winkle, Secretary

Also present were: Several District residents, Mr. and Mrs. Miller, Brenda Poulter, Kristin Corsette; and Norman F. (Rick) Kron of Grimshaw & Haring, attorneys for the District (by phone).

CALL TO ORDER:

President Savidge called the continued special meeting of the Board of Directors of the Alpensee Water District to order.

WELCOME TO NEW BOARD MEMBERS:

Upon motion duly made, seconded, and unanimously approved, the following officers were elected to the Board:

Richard Savidge, President
Donald R. Skotty, Treasurer
Candace Winkle, Secretary

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST:

The Board noted that disclosure statements had been filed on behalf of the members of the Board of Directors with the Office of the Colorado Secretary of State and with the Secretary of the District, and verbally disclosed the same. All Board members reported that they are homeowners and customers of the system. The Board noted that there are

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no new or different potential conflicts to be reported. There were no questions from anyone concerning potential conflicts.

MINUTES:

Mr. Kron explained the Minutes of January 25, 2012. Director Skotty asked that Director Winkle's analysis and Ms. Cutunilli's answer be attached to the minutes. Following discussion, upon motion duly made, seconded, and unanimously approved, the Board approved the minutes of the special meeting held January 25, 2012 with the attachments as presented.

UNFINISHED BUSINESS:

- a. Status of check register and source documents delivery to Director Skotty. Director Skotty advised the Board that for six months he has asked for more transparency and the check register. He has not received it. He has also requested additional information. He received an email from Ms. Cutunilli which he summarized as saying she would furnish the account information to Mr. Goedecke. Director Skotty is concerned about Mr. Goedecke's expense and that the Manager should provide that information.

President Savidge asked about the Manager's contract and what are reasonable requests that the Board can make; and if those requests are not honored, what is the Board's recourse? How does the Board clarify the scope of the request? He stated the request was a reasonable request. Should the Board address the bigger picture?

Director Skotty stated "That's new business." Agenda item 5.a is still unfinished and the Board did not receive the information listed in 5.b-e.

The Board discussed performance issues.

Mr. Kron summarized that the unfinished business is still unfinished.

NEW BUSINESS:

- a. New chlorination/testing requirements. Director Skotty stated he believes the system was overdosed on chlorine. Kristen reported that her kids got a rash from bathing in the water. Even with a filter, the water tasted terrible. President Savidge described the District's background and the change to the state's additional testing requirements. The chlorine level was originally high, but it is stabilizing. Director Skotty described Ms. Cutunilli's role as an independent contractor, manager and plant operator. President Savidge noted that Ms.

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Cutunilli is related to the developer, and discussed the Board's relationship to the District.

Director Skotty believes the District should have come under state [large system] regulations two or more years ago, based on the number of users. He expressed concern that the manager was "asleep at the wheel," the system is to be state regulated. He does not want to take chances.

He read a June 12, 2012 email from Ms. Cutunilli to him and the list of information that he had requested.

Director Skotty described the January meeting statements.

Brenda Poulter was concerned that there was no notification concerning the chlorination. Her view is that the manager should have been able to provide this information.

Director Skotty did not believe that the Manager wanted to continue with the District.

Brenda Poulter opined that not sending the financials suggests a problem with the financials.

She asked how do we get her to furnish them?

Mr. Kron advised the Board they were entitled to the information. Providing the information to the accountant rather than to a Board member is unusual.

Director Skotty would like to get the draft operating procedures from Ms. Cutunilli and all District records returned to the District Pumphouse. Director Skotty will donate a desk, chair and book case for that purpose and Director Winkle will donate binders.

If Ms. Cutunilli gets the information to Mr. Goedecke, he can accept them. The Board discussed the need to obtain:

- Keys to PO Box
- All District property
- All construction records.

The Board directed Mr. Kron to draft a letter to Ms. Cutunilli asking for those things no later than June 30, 2012. [This direction was later replaced by a letter to be drafted by President Savidge, infra].

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President Savidge stated he wants to clearly communicate expectations that she do the job we want her to do. He wants to see her perform. We want these things if we are going to go forward. We need these things.

Director Winkle was concerned regarding the 60-day time.

Director Skotty advised that the District may be fined \$300/day by the State if we have no operator.

Mr. Kron suggested that the Board give a list of things, a due date, then the Board can meet the next time with the manager's contract as an agenda item.

President Savidge stated we'll ask for:

1. Operations Procedures Manual
2. All records of the District moved to the District property (pumphouse)
3. Electronic backup of accounting records.
4. Change signature on the District bank account to add the officers and remove Ms. Cutunilli
5. Status reports – timesheets since January 1, 2012 (per the contract).

President Savidge will draft the letter, Directors Skotty and Winkle will speak to it and Mr. Kron will review it.

6. Status of all items from the agenda
7. Insurance policy.

Following further discussion, on motion duly made, seconded, and unanimously approved, the Board approved sending a letter to Ms. Cutunilli explaining the Board's expectations and giving a specific date for her response, including measurable performance.

Following further discussion, upon motion duly made, seconded, and unanimously approved, the Board approved removing Ms. Cutunilli as a signer on the District's bank account and approved signature authority for the President, Secretary and Treasurer, with two signatures required for any check over \$1,000 and that one of those signatures must be the Treasurer, with the other signer being either the President or the Secretary. The Treasurer was directed to oversee relations with the District's bank, including ordering new checks and handling all relations with the bank.

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VACANCY:

President Savidge noted the District had circulated information on the Board vacancies. He reported that Greg Poulter has expressed interest. Upon motion duly made, seconded, and unanimously approved, the Board approved the appointment of Greg Poulter to the Board.

Mr. Kron and the Board then discussed completion of the Oath of Office for Mr. Poulter.

President Savidge encouraged everyone to discuss the other Board vacancy with others within the District.

Brenda Poulter would like a letter explaining to everyone regarding the state regulations. Director Skotty responded to one interested homeowner and feels that the prior communication has taken care of the problem.

The Pannomarews are concerned about the water pressure. The Board advised that their concern will be referred to the operator.

The Board discussed the April 19, 2012 draft letter. President Savidge would like to discuss the 'abusive' allegation. He would like to know the Manager's thoughts.

Director Winkle would like to send the letter described above.

President Savidge sees a critical "to do" item being:

- Draft letter
- Get consensus
- Send the letter on District letterhead
- See response.

The Treasurer is to deal with the bank.

President Savidge asked regarding homeowner delinquencies on bills, has the District assessed liens/fines? Director Skotty wants to get records on the accounts. President Savidge wants homeowners to come to the Board with questions.

Director Skotty knows of no one with money issues, but at least one has pressure issues.

The Board discussed a question on the payment of a tap fee (Laura Stebbins). Director Skotty will investigate it and he will send an email inquiry to Ms. Cutunilli.

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Director Skotty mentioned that the \$1.3 million outstanding note at 3.66% may be refunded in four years or so. The District could use additional customers (such as Lakeview Meadows) to improve the assessed value of the District.

President Savidge would like information on bills.

Director Skotty asked about the need for an email policy. Following discussion, on motion duly made, seconded and unanimously approved, the Board adopted the Vail policy as follows:

Pursuant to the Colorado Sunshine Law, a meeting of a quorum or three or more members of the Board (whichever is less) at which any public business is discussed or at which any formal action may be taken is a public meeting. The term "discussion" as used in the Colorado Sunshine Law implies live, responsive communication between Board members. Therefore, it is the District's policy that the mere receipt or transmission of email in other than a live, communicative discussion format shall not constitute a public meeting and shall not be subject to the requirements of the Colorado Sunshine Law. For example, the receipt by one or more Board members of email sent earlier in the day or week by another Board member concerning public business shall not constitute a "public meeting." The e-mail may, however, constitute a public record otherwise subject to disclosure pursuant to the Colorado Open Records Act and this Policy.

Director Skotty reminded the Board that, prior to the election, he offered to pay one-third of the cost of the election. On motion duly made, seconded, and unanimously approved, the Board approved accepting Director Skotty's offer of a donation of one-third of the cost of the election, not to exceed \$1,500.

President Savidge graciously accepted Director Skotty's contribution.

Following discussion, on motion duly made, seconded, and unanimously approved, the Board authorized President Savidge to send a letter to the other Board candidates giving them the opportunity to make a voluntary donation towards the District's election expenses.

Following additional discussion, upon motion duly made, seconded, and unanimously approved, the Board approved accepting the donation of a desk, chair and bookcase from Director Skotty for the District's pumphouse.

The Board discussed the need of access to the pumphouse to get the donations in there.

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Mr. Kron explained that the operator in charge may want to restrict access to the water system to protect the system from damage or contamination.

Director Skotty will put the operator in touch with the Pannomarews regarding their water pressure problem.

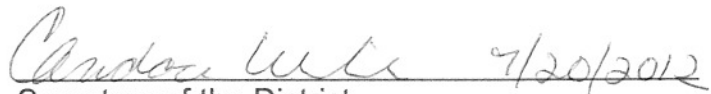
The Board reiterated that information is due from Ms. Cutunilli on Tuesday, June 26th.

ADJOURNMENT:

On motion duly made, seconded, and unanimously approved, the Board set the next special meeting of the Board for June 27, 2012 at 4:00 p.m. at the Summit County Community and Senior Center, 0083 Nancy's Place, Frisco, Colorado.

There being no further business to come before the Board, the meeting was adjourned.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the Alpensee Water District.


Secretary of the District