

Alpensee Water District (AWD)
Special Board Meeting Minutes
June 27, 2012

The following are the minutes from the Alpensee Water District (AWD) Board of Directors Special Meeting, held Wednesday, June 27, 2012, at 5:30 p.m. in the Ute Room at Summit County Community and Senior Center, 0083 Nancy's Place, Frisco, Colorado.

Action items are in blue.

Attendees: Directors

Dick Savidge: President

Don Skotty: Treasurer

Candace Winkle: Secretary

Greg Poulter: Director

Attendees: Interested parties

Nancy Savidge

Gene Tomlinson

Scott Thomas

Mary Probst

Mark Miller

Charise Buckley

John Conti

1. Call to order.

Director Savidge called the meeting to order and expressed gratitude to the large number of interested parties who were in attendance.

2. Disclosure of potential conflicts of interest.

The Directors stated that their conflicts of interest were the same as in the last meeting, all being homeowners and customers of the district.

3. Approval of minutes.

The minutes from the meeting on June 14, 2012 were not complete for approval. Upon motion duly made, seconded, and unanimously approved, the Board approved the minutes of the special meeting held June 18, 2012.

4. Treasurer's report

Director Skotty distributed and explained the report and the Budget to Actual as of the current date. The operating account is in the Bank of the West, and there is a reserve fund (required for the refinancing) in a US Bank account. There was a deposit error because the county put the wrong amounts from the mil levy in these accounts. This can be corrected by transferring money from one account to the other. A question was asked about the loan. It is a \$1.420 million, 5 year loan with US Bank and will need to be refinanced in about 4 yrs.

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Legal expenditures are over budget. The details on these numbers are unknown and may contain expenses from 2011. Water testing is also over budget due to new testing requirements. This was known last year but not put in the budget. Overall there is a large shortfall that needs to be rectified. Directory Skotty passed out a list of checks written this year. Some of them may be expenses from the prior year. The District accountant will reclassify some of these to 2011.

Lori Cutunilli (the current District Manager) was asked to provide a backup of financial records by June 26, 2012. To date she has not supplied this, but the District accountant may be able to provide this data. Director Skotty also hasn't received the customer file from Lori but will still attempt to create the next invoices which should be sent July 1.

Director Poulter suggested that Lori could drop off information and records with him.

Someone asked about legal counsel, and if we have a contract with Grimshaw and Harring. Director Skotty will obtain a copy of this contract.

5. District Manager's Report

The information that was requested by the Alpensee Water Board on June 18, 2012 to be due June 26, 2012 was not delivered. The District Manager was not present at the meeting.

6. Unfinished Business

- a. Status of templates to Directors for meeting announcements – complete.
- b. Follow-up to ensure agenda for June 18, 2012 was sent to Attorney Berkowitz – complete.
- c. Status of AWD post office box authorizations – complete.
- d. Status of AWD bank accounts and authorizations. Bank of the West – complete. Changes for US Bank are needed. Director Skotty moved to have 3 authorized officials on US Bank account – the President, Treasurer and Secretary, with Director Poulter being the appointing official. Director Winkle seconded, and the motion was passed unanimously.
- e. Status - recent Statement of Liens filed by Alpensee Water District. This discussion began at the June 14 meeting. In the June 18, 2012 meeting, there was also discussion about these liens, which were sent in envelopes with letterhead from Carlson & Carlson law firm. The liens were completed by the claimant Alpensee Water District by its Manager Lori Cutunilli, who stated on the lien that she was an agent of the claimant. Section 6 of her Independent Contractor agreement states that she is not an agent for AWD. The lien documents were delivered on behalf of Farmers Korner Inc. At the time of this meeting, there was no knowledge whether or not the liens had been recorded with the Summit County Clerk. Currently the AWD is trying to identify all parties affected.
- f. This was followed by a discussion about tap fees. Some people may have paid more than 22k, and if so, should the AWD have received some of this revenue, since Farmers' Korner Inc. originally paid Alpensee Water District \$22,000 for each residential tap? Scott Thomas and Mark Miller will send Director Skotty documents showing their tap fees.

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- g. Status of Board letter to Lori Cutunilli as approved at June 14, 2012 meeting. The information requested in the letter was due yesterday, but no response was received (see # 5 above).
- h. There were questions about the last available seat on the Alpensee Water Board and elections. Board members explained how the election was conducted and the cost, also how vacancies are filled/appointed. The Board is still looking for one more Director. John Conti and Charise Buckley both expressed interest, but it is unknown if Charise meets candidate eligibility requirements due to the ownership of her property by her business. Charise will look into this and let the Board know of her eligibility and interest before the next meeting. Director Skotty also explained his offer to donate up to one third of cost of the election, and that on June 14, 2012 the AWD unanimously voted to accept his donation. A letter requesting voluntary donations from the other candidates is planned per the June 14, 2012 AWD Board meeting, but hasn't yet been sent.
- i. Pannomarew water pressure. The operator, Lori, responded that pressure was fine at the plant and the issue may be internal to the house. Lower water pressure is on 2nd floor of residence. Continue to next meeting.
- j. Termination of Lori Cutunilli contract. Lori submitted an e-mail on June 22, 2012 stating that she declined to continue with the Alpensee Water District in any capacity effective that day. When reminded that her contract required a 60-day notice and that she had paid herself until the end of June, she responded that she will not perform any duties after June 30. Although this violates the 60-day notice required in the contract, the AWD did not believe that it would be in the best interest of the AWD customers to force her to honor her contract. Director Winkle made a motion to accept Lori's resignation effective 7/1/2012. Director Savidge seconded and the motion was approved unanimously.

7. New Business

- a. Backup power plan. We need a team of engineers and experts to look at a solution. Dave, Jeff and Gary will be on this team but currently Dave is not available. This will be continued to next meeting.
- b. Communication needs and methods to district customers. As the first step, the Board plans to send out meeting minutes to all customers for which e-mail addresses are available.
- c. Replacement water operator. Due to the resignation of the current operator, the AWD has only 3 days to select a new operator. Matt of Water Solutions proposed \$1275/month for 1 visit per week, or 2 visits per week for \$1575/month plus \$70 per hour for extra work. Director Skotty expressed concern about the extra costs adding up. In addition, Matt said he would need to check with his lawyers prior to start-up, which may result in a delay. Another potential operator is AAA Operations which charges \$1024/month for 2 visits/week, plus \$55/hour for extra work. Director Winkle expressed concern that there wasn't time to check references. Gene Tomlinson knows another water operator but there isn't time to get a proposal. It was agreed that regardless of who was hired immediately, that there would be reference checks and research conducted prior to the year-end, and that the Board would consider all operator proposals prior to 2013. After much discussion about rates, length of contracts and other related

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items, Director Savidge moved that we engage AAA starting July 1 until the end of the year. Director Skotty seconded and the motion passed unanimously.

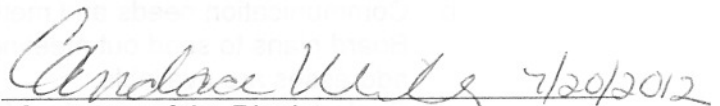
- d. Q3 and Q4 water billing rates. Director Skotty made a proposal to make the water payments more consistent. He explained that all residential land owners pay the same (\$150/quarter) whether the land is vacant or built upon, and suggested that the same method be used for the commercial land. Currently the completed commercial lots/buildings pay \$1050 per quarter, but the vacant commercial lots pay less, only \$150 per quarter. The suggestion was to charge the vacant commercial lots the same amount as the built-up commercial lots. This would raise those fees to \$1050/quarter and help reduce the financial deficit. There was concern that this would be a big impact to the owners of those lots if implemented in the next quarter. Upon motion duly made, seconded, and unanimously approved, the Board approved an increase of quarterly fees for vacant commercial lots to \$1050/quarter effective with the fourth quarter, 2012 billing with notification of such increase in the next billing cycle.

- e. Gene Tomlinson concerns about the open hole near the pumphouse. Charise will ask Lori if she remembers why it was never filled in. There are also some emergency shutoff valve pipes on Alpensee Court that have been broken by snowplows and need to be repaired. When our new water operator is on board, Director Skotty will ask for a quote to get them fixed properly.

8. Continuation/Adjournment

Director Savidge asked if there was any other business. There was no response. A motion was made, seconded and unanimously approved to adjourn the meeting.

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