

HAMILTON CREEK METROPOLITAN DISTRICT

BOARD OF DIRECTORS MEETING

Wednesday, March 9, 2016

Attending Board Members:

Tom Hand
Bill Ferris
Bob Hinman
Chuck Harris
Anne Beauprez

Others Attending:

Tom Oberheide, Administrator
Matt Willitts, Water Solutions
Kelly Baldwin, bookkeeper
Ruth Carroll, HOA president
Bob Bruno
Bob Pietrzyk

President Tom Hand called the meeting to order at 1:59 PM.

Minutes:

The minutes from November 11, 2015 were reviewed and approved unanimously after minor correction to add signature of acting secretary Anne Beauprez. (Bob H./ Anne 4-0, Ferris abstain as he missed the meeting)

President's Remarks:

This is the last meeting presided over by our current president, Tom Hand. There will be a void at the top until the the June meeting when the newly seated Metro Board will decide upon their leadership. A motion was entertained to appoint Bill Ferris as "Acting or Interim" President" until the 6/8/2016 meeting (Harris/Beauprez 4-0, Ferris recused). His acceptance was noted and agreed by all present to be temporary only.

Financial Report:

The Financial reports were submitted and attached. We will ask our new auditor, Dan Cudahy of McMahan and Associates in Avon, CO to brief the board at the September meeting, and address any significant issues from their 2015 review and any write-offs that are appropriate. The Profit and Loss Budget vs. Actual was reviewed with questions from several board members. One area of apparent savings was in Septic pumping (5K) which will be addressed in future budgets with closer attention to the actual number of homes pumped from pre budget review of scheduled residences. The major areas of cost saving have been in administration because of management changes (20K) and operations. Operations were less than budget because of opting for road crack filling only every other year and less snow plowing because of our mild February snows (48K). Currently legal fees are on budget, but the board expects them to rise by as much as 20-30K as our pending legal cases vs. Polich and our prior auditors work their way through the courts (see legal update below). Additional expense will be necessary to correct some issues with the water treatment plant (see Water Operations below).

A continued sore point is the number of homeowners who are at least 90 days delinquent in paying their water bills. Last September this was 13% of homeowners and despite multiple bills and reminders from Kelly Baldwin, it remains pretty consistent. The board has been very lenient and forgiving because of administration changes, address changes etc., but the time to get serious is now. Enough reminders! Tom Oberheide will contact the offenders who are at least 60 days in arrears, and if their accounts are not made current, the next step is a letter from the board, with the penalty being shutting off their water “to a trickle, or completely”. Matt W. assured the board that this was easy to do. The Worst offenders are Rose, Tyson, Sheehan, Prosser and Neustadt.

The committee set up to review the financials set following the Polich scandal has met and found no irregularities to date, as reported by Bob Pietryzk. They will continue to review monthly financials.

Lastly, Chuck Harris found a \$68,017.63 asset listed on the books of unknown etiology. After discussion at least a portion of this is thought to be expenses paid by the Metro District for running water lines out to lot lines when the work was done on Red Buffalo Trail, and into and past the Pietryzk/Carroll home(670 Lakeview Circle). The Metro District was to allegedly bill for this work when the undeveloped lots are built upon in the future. The lines off Lakeview circle were paid to lot 670, but were extended to lots 660, 680 and 690 without payment and may be part of this A/R entry. This is a bit of a mess, because some of the lots have been purchased by neighbors and lot lines vacated as view protection and will never be built upon or able to be collected. Perhaps this is another area where our new auditor can help us decipher or write off all or a portion of this entry.

Water Operations:

Matt Willitts of Water Solutions gave the water operations report. The combinations to the locks for access to the water treatment plant have all been changed. There are 5 meters that are currently non functional, and WS is in the process of notifying these homeowners for access and repair/replacement.

There are two areas of potential increased expense facing the new water treatment facility. One area that is not of concern is the tightness of our system, as it tested at 7.5% or less than 1/2 GPM loss, less that the accepted norm of 13%. The most pressing problem is DOVE compliance and our need to somehow increase the exposure time for chlorination. FEI Engineering has studied the problem and made some recommendations that Matt has not had an opportunity to thoroughly review. Evidently our system is a “top down” system and one option is to change this to a “bottom up” system by reversing the plumbing. A less expensive method with perhaps a better chance of working is to increase the Baffle Effect by inserting numerous plastic ‘Wiffle Balls’ in the tank to facilitate mixing of the Chlorine. Matt will review and discuss with our administrator and “interim” acting president. Currently the engineering study alone is 3K over budget, and we anticipate about 15K in total expense. This will be taken care of with some 2015 budget reserves and the rest in 2016.

The last problem facing some additional funding is the “membrane issue”. Our current membrane filtration system has two skids(units), that have 6 membranes each, for a total of 12 membranes. One skid has been investigated and some repairs were

successful, and some not. The second skid needs to be thoroughly evaluated, repaired if possible, knowing full well that replacement of membranes is a potential necessity. Currently 7/12 membranes are suspected to be in need of fixing by “pinning” or replacement. Membranes cost \$1200 each for a max cost of \$14,400 purchase alone w/o install. We are off warranty, which was 18 months post purchase and 12 months post installation. The membranes were supposed to last much longer (5-7 years) than we are currently experiencing. Etiology of our failure is unknown?

We will schedule another site visit once the new board members are in place so they might better understand the working of our water treatment plant and thus be able to make informed decisions about our system. This visit will be led by Matt after our June meeting.

Administrator’s Report:

Tom Oberheide began the report by discussing the election of new Metro Board members to replace retiring members Anne Beauprez and Tom Hand, whose dedication and service are duly noticed and appreciated. The Metro District published notice of the May 3, 2016 election and a call for nominations was sent out. Three nomination petitions and no write in nominations were received by the deadline. Since there were no more nominations submitted than open positions, the three nominees: Ruth Carroll, Bob Bruno and Bob Hinman were by acclamation named to the Board effective on the scheduled May 3, 2016 election Day (Beauprez/ Ferris, 5-0). A second motion to cancel the election was again unanimously approved (Hinman/Harris, 5-0). Carroll and Bruno will serve 4 year terms and Hinman who was previously appointed to the Board as a replacement for Jacques DeLorimier, who sold his home and moved out of state, will fill the remaining 2 years of his term.

Water rights for our surface water and two existing wells were discussed next. We have obtained “Absolute” water rights for the HC surface water by final decree at 67 GPM. We previously had obtained “Absolute” designation for well #1, which is currently non functional with a faulty pump. We have designated well #2 to be our backup, which is currently rated “conditional”, and we will look into getting “Absolute” classification, but this is doubtful as it is for 20 GPM, has high fluorine, has to be proved to be beneficial to our water treatment needs, is of poor quality and has not been used in many years. We have until 2022 to file for absolute rights on well #2, but Secretary Bill Ferris commented that this seems like throwing good money after bad, even though the issue involves the “Holy Grail of Water Rights” in Colorado.

A yield sign will be purchased for the connector from Angler Mountain Ranch into Hamilton Creek Road and placed where Hamilton Creek Road intersects the connector at the bottom of Lakeview Circle. A 24” triangular classic Yield design from a local company (The Sign Shop) vs. online purchase was a wash. A motion was made and approved to purchase the sign from the local company for \$55 plus tax (Harris/ Ferris, 5-0). Tom Hand will make sure the install is completed on HC Work Day.

Lastly a grant from Colorado Rural Water Association was allowed to lapse. This was a grant for 5K, with a matching 5K due from Hamilton Creek. It was to hire someone to inspect the drainage of Hamilton Creek above our water intake and develop a “Source Water Protection Plan”. The board felt this unnecessary, as it is all ungrazed forest.

Legal Update:

With all the delays in the Polich fiasco, the face of the board is changing. It was decided to form a committee to maintain the institutional memory and expertise of Tom Hand, Chuck Harris, Dan O'Brien, and Norm Wright as the backbone of this committee. Bill Ferris and Anne Beauprez will act as advisors as needed (Hinman/Beauprez, 5-0). The combined efforts of all prior board members and other residents who responded when necessary to contribute to the cause of recouping some funds and providing expertise when needed is appreciated.

The most current dates in the seemingly never ending criminal trial delays are:

3/18/16 - Motions Filing
4/1/16 - Written Responses
5/6/16 - Motions Hearing beginning at 10:30 am
5/23/16 - Pre-trial Briefs 1 pm
6/20/16 Trial Begins at 8:30 am

Tom Hand and Chuck Harris then updated the board on the status of our intention to pursue legal action against our long term auditors. First off, Don Gruenler who was our auditor for many years has evidently taken a medical leave from his last firm, Yanari, Watson and Mcgaughey, PC. Tracy Peterson who took over our account has also moved on. Our bill for the 2014 audit, which disclosed NO irregularities, even after we had given them our suspicions, has been brought up to date. We have signed a contract to file a suit against Yanari and Associates. Our legal representation in the case is with Dan Sloane esq. and Tom Downey esq. on a contingency basis. We have paid them an advance of \$5K to initiate and cover some of the expenses. The contingency is as follows:

30% if settled before trial or mediation
35% if it goes to trial or mediation
40% if the case goes to appeal

Next Meetings: June 8, 2016 at 3 pm at Silverthorne Library

The meeting was adjourned a 4:25 pm by president Tom Hand, who should receive a standing ovation for his service.

Respectfully Submitted,

Bill Ferris, Secretary

