

HAMILTON CREEK METROPOLITAN DISTRICT

BOARD OF DIRECTORS MEETING

Wednesday, June 8, 2016

Attending Board Members:

Bob Bruno Chuck Harris
Bill Ferris Bob Hinman
Ruth Carroll

Others Attending:

Tom Oberheide, Administrator Matt Willitts, Water Solutions

The meeting was called to order promptly at 3 pm by “acting interim president” Bill Ferris.

Minutes:

The minutes from March 9, 2016 were reviewed and approved unanimously (Hinman/Harris,4-0) with the following corrections: 1. Page 3, under **Administrator’s Report**, first paragraph, fourth sentence should read “Since there are 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).” 2. Page four under **Legal Update** first sentence **as** should be changed to **act**.

President’s Remarks:

This is the first and last meeting presided over by “acting interim president” Bill Ferris. The next meeting on September 14, 2016 will be presided on by the next board elected president. Your president would like to take this opportunity to thank all the inmates of Hamilton Creek for keeping their asses clean during his one month tenure and for the continuing cooperation and involvement with events like Clean Up Day that make this neighborhood so unique.

Water Operations:

Matt Willitts of Water Solutions gave the water operations report. There are currently three major ongoing problems with our Water treatment plant: one is the premature failure of the membranes in the modules we initially purchased which are now off warranty. Two is compliance with DOVE standards as mandated by CDPHE. Thirdly is frequent regulator failure.

In regards to the membrane issue, one module has been repaired by “pinning” and the other is a goner and needs to be replaced. WSI and our contracted engineer, FEI have discussed and proposed a solution to purchase an new unit from either the initial supplier with a crappy product and lousy warranty for \$1200, or an after market product (ie similar) for \$950 and take your chances. Can it be any worse? Maybe? Either way there will be some extra expense to get final approval from the State.

Additional engineering expense to solve the DOVE/ clearing tank problem will partially be offset by an adjustment given and accepted from FEI for work done last

winter. We will proceed with installation of media (wiffle balls) to create some turbulence and allow better mixing with the chlorine. The back up is to reverse the system to a "bottom up" or vice versa? Sounds like a minor deal, but no, it's more involved. Expense is planning, construction oversight, installation and finally the expensive and time consuming process of pushing it through State approval. Current estimates at \$3235, but expect higher.

The third issue is frequent failure the air regulators, and WSI is recommending installation of two auto water bleed valves at a cost of less than \$1000.

WSI has replaced 5 meters for monitoring our water usage. The problem appears to be a battery issue, but 10% failure in less than 7 years, when they are supposed to last 20 years! We will keep you posted. It takes WSI about an additional 1.5 hours of billed work to replace...x 5 meters, about a whole day's work. Warranty sure, but still costing us.

Several other bookkeeping type, compliance and administrative type issues were brought up and segued into a discussion of WSI contract.

Financial Report:

Chuck Harris and tom Oberheide led the discussion and presentation of data. The District financials are tracking well with the 2016 budget through April. Total income is ~\$3500 above budgeted amounts, with tax income offsetting a small drop in user fees. Total administration expenses are below budget mostly due to not having yet paid for anticipated legal costs and treasurer fees. Operations expenses are on target and we will continue to watch this line item closely as there are some remaining maintenance items, as well as upcoming chemical purchases for the water treatment plant. Net income for the District through April is 115% of the budgeted projection.

The non-board affiliated Reconciliation Committee under the guidance of Bob Pietryzk has completed it's monthly reviews through May 2016 and reports no irregularities.

A lengthy discussion was had on the nefarious \$68,017.63 A/R asset listed on the books as Future Construction. Research by Chuck Harris has disclosed the genesis of this asset in the October 13, 2005 minutes and posted in the general ledger 12/312/05 at \$73,708.42, reduced by a payment from Linda and Dana Covert in the amount of \$5,698.79. After lengthy discussion of options, a motion was approved to write off this asset as uncollectible(Bruno/Hinman, 4-0). After further discussion (see water line options under Administrator's Report) this motion was eventually withdrawn by Bob Bruno, and the advice of our current new auditor will be solicited before any future decisions.

Aging analysis of the water bills disclosed very few > 90 days delinquencies. Tom Oberheide has contacted everyone more than 60 days in arrears and reported that Kevin Rose found his bill, and said "the check is in the mail".

Administrator's Report:

Kelly Baldwin, Chuck Harris and Tom O. have been working with Madison Rutledge at McMahan and Associates over the past several weeks on the 2015

Audit. They didn't have anything from them regarding the audit at the time of the board meeting.

The next order of business was election of officers by the board, with the following slate elected for 2016-17:

President- Bob Bruno (Hinman/Carroll, 4-0)

Vice President- Chuck Harris (Bruno/Hinman, 3-1)

Treasurer- Bob Hinman (Harris/Carroll, 4-0)

Secretary- remains Bill Ferris

We, the board, have learned that Water Management is not only making high quality clean water but delivering it to our homes. Hamilton Creek is an "upside down" system with larger diameter pipes at the bottom of the hill (8"), medium sized 6" in the middle and 4" lines up top. All this leads to a vacuum effect in the event of major usage below e.g. fire, and the houses at the top of the hill run dry.

There are several possible connections, mitigations and upgrades that have been talked about at past meetings: the phantom connector to Angler's Mountain water supply (only in Mr. Polich's dreams evidently), redo of the 4" pipe under dirt road from water tank down to Lakeview Circle with replacement of vault at road, connect upper Loop by Schlesinger's down to the cabins area with fire hydrant for Schlesinger's. This hydrant is part of the agreement we had with them on the land for the water treatment facility and we should do this asap. With all these in mind the board decided to get a flow analysis done and then re-visit, with WSI and WWW presenting their findings, solutions and costs at a future meeting for our review. The new or additional lines could become a more pressing issue as a few lots (980, 990, and 1000) potentially come on the market with difficult access.

It is the belief of the board that the Metro district is responsible for providing a stubbed-in supply with shut off valve at the main named road, with driveways and or shared driveways being the responsibility of the homeowner.

Legal Update:

The last Motions Hearing on 6/8/16 was further disappointment as the defense had been a no show at prior scheduled hearing and all the big talk of jail time and fines was evidently forgiven without so much as a slap of the wrist. The defense now arguing that the Enclave case and the Hamilton Creek case should have been tried as one. As a result of our granted motion to utilize the Enclave decision and sentencing in our current case, the probation requirements of his sentence requiring financial disclosure making it somehow that Bob Polich is now required to testify against himself. We will not go into the arguments back and forth here, but tell you where it ended up and what Judge Thompson did. He did not make a ruling at this hearing. He **cancelled the trial scheduled for June 20** and did not reschedule at this point.

Instead a Motions Hearing is scheduled for August 16 at 8:30 (earliest date available for all parties after 35 days required waiting period.) Prior to that Hearing, written motions are due July 11 and written responses July 25.

We know that Defense intends to enter motions to suppress statements and documents from probation and to withdraw the May 4, 2015 guilty plea that Polich entered in the Enclave case. Tom Hand and the rest of the Restitution Committee will continue to represent us in the Polich criminal trial, and also pursue the suit against our

old auditors and well as consider moving up the filing of a civil suit vs. Mountain Systems, Bob and Deb Polich. Norm Wright and Tom Hand will collaborate on the civil suit with the Committee. We can't speculate on how any of this will work out, but it takes a great deal of patience on our part, and trust that our representation by Heidi McCollum of the DA's office is conscientious and relentless. Bob's lawyer cagey, but the key element here is that Bob doesn't want a felony conviction and we want our money so may the negotiation start soon.

Other Old Business: No additional

New Business:

Tom O. procured an estimate from Double M Asphalt for this year's road repairs for our review, which includes crack sealing and about a dozen areas to be patched. It does not include an estimate for work to redefine the drainage along the roads, but we expect that it would be an additional \$1500 for time and materials. The anticipated schedule would be to complete all work by the end of June. Current budgeted amount is \$22,500 for crack fill and \$15,715. Even with additional expense to regrade some shoulders we will be under budget. The good sized pot hole in the uphill lane 75 yards below the gate in "no man's" land will be filled at our expense as usual. Tom O. was asked to speak to our snowplow contractor on the issue of insurance on a few areas of asphalt damage from the plow.

Bob Hinman asked us to review, for the next meeting, a memorandum from the Summit County Government on the possibility to pursue a Local Improvement District designation on major projects that qualify, like roads or water.

Ruth Carroll reminded us of the upcoming Homeowner's Work Day on 6/18 and Annual Meeting on 6/25/16.

Next Meetings: September 14, 2016 and November 2, 2016.

The meeting was adjourned a 5:25 pm by AIP Bill Ferris.

Respectfully Submitted,

Bill Ferris, Secretary