

HAMILTON CREEK METROPOLITAN DISTRICT

BOARD OF DIRECTORS MEETING Monday, December 8, 2003 Silverthorne Library

Attending Board members:

Kolbjorn Tenfjord
Lowell Graves

Niel Christensen
Dennis Archer

Eddie O'Brien

Others attending:

Bob Polich
Matt Willitts

Administrator, Mountain Systems, Inc.
Water Operator, Water Solutions

President Kolbjorn Tenfjord called the meeting to order at 4:00 PM.

Minutes. *The minutes from the July 25, 2003 meeting were approved as written. (O'Brien/Christensen,5-0).*

Water operations. Matt Willitts updated the Board on the operations of the new water plant that was using surface water. The utilization of a polymer coupled with a cleaning and regular air blow out of the infiltration gallery has resulted in the plant producing good water meeting all State standards. Matt indicated that the build up of deposits in the water lines from the prior water source did not appear to be breaking down very quickly. Residents who do not use their home frequently may need to run the water for several minutes to eliminate the sulfur taste in the new water caused by standing water in the pipes. The Creek was flowing 70 gpm as of today. The new facility had been test pumped at 40 gpm and currently was usually being utilized at 20 gpm due to lower demands in the non-irrigation season. Matt indicated that overall the system was working great. Matt discussed the use of a compressor to clean out the infiltration gallery. Currently a rental compressor was being used as needed. RTW Engineering had designed a permanent blow out system, but it would require a separate building to house it. Matt and Bob Polich felt the District purchase of a portable compressor would be the best use of funds and would allow the potential resale of the compressor if an internal unit was installed in a permanent water facility. The purchase of a portable compressor was included in the 2004 budget. Matt indicated that the possibility of freezing of the infiltration gallery remains a concern. However, it was felt that the use of the compressor and/or heat blankets would clear the water intake should freezing occur. The system fire hydrants and pressure reducing valves had been maintained during the summer and were in good condition. Matt would like to do future work on problem curb stops and additional mapping of the water system as time and funds allowed. Matt reported the concrete pad at the new pump house had been installed and the special door jam added. Both of these items were part of the noise mitigation work authorized by the Board at the July meeting.

Water Solutions Contract. The 2004 contract with Water Solutions was proposed at \$1,250 per month plus hourly fees for additional work requested by the District. Matt indicated the monthly rate was increased from \$1,000 to \$1,250 due to the extra trip weekly required to monitor the surface water system. *The Board approved the 2004 water system operations contract with Water Solutions. (Graves/Christensen,5-0).*

Snow Removal. The 2003/2004 snow removal contract is with Collard Excavating. Four owners had signed up for the additional driveway snow removal through Mario Zieba. While there had been limited snow yet this winter, the Board felt the snow removal service to date was acceptable.

Forest Maintenance. A Cut Above Forestry had identified 55 beetle infected trees during the fall survey. The District had authorized the removal of the trees either this year or prior to July of next year. Most of the trees were removed last week as A Cut Above Forestry had an available crew and the limited snow on the ground did not hinder the removal process. A Cut Above Forestry will continue to inspect the forest each spring and fall.

Other. There had been no further action regarding the property to the south of Hamilton Creek that had proposed a connection to Hamilton Creek Road as part of their development. The attorney for the developer had informed Bob Polich that his client's option on the property had expired. Eddie O'Brien indicated that there was pending legal action on the purchase and he expected the proposed development to continue in the future.

Legal. There had been no decision from the judge from the trial held in early January 2003. The motion from the State of Colorado to fine the District \$10,000 for not completing the water system repairs by the agreed date had been rejected by the judge during a hearing held in September. During that hearing the judge indicated he had reached an opinion regarding the January trial, but had not completed the written decision.

Accessory Unit. The owner of 760 Lakeview Circle had informed the District that his property did not have an accessory unit. The District had believed the prior owner had obtained authorization from the County for an accessory unit. This leaves two County approved accessory units in the District. They are at 720 Lakeview Circle in Filing 1 and 160 Hamilton Creek Trail in Filing 2. There was a discussion regarding whether it was the function of individual owners or the Metro District to bring to the attention of the County any illegal accessory units in the Hamilton Creek subdivision.

Common Area trespass. There was a concern raised that the prior problem with South Forty owners using property of Hamilton Creek owners and common area for parking and storage had again become a problem. The Board felt the property line near Ansel's View Trail should be relocated and a "cowboy" or "keystone type" fence installed next year. The fence installation could be part of the next owner clean up day.

Notes Payable. The District had borrowed a total of \$160,000 from the Homeowners Association in March. \$25,000 plus interest had been repaid. The Board had approved at the July meeting obtaining a \$300,000 loan to payoff all contractors for the water repair and the outstanding Association notes. Bob Polich indicated to the Board that several factors complicated obtaining the authorized loan from a 3rd party although there had been interest expressed by Wells Fargo and Municipal Capital Funding to provide financing. The problems are:

1. A decision on the January 2003 trial had not been issued by the judge. This at minimum limited the source of funds to just Hamilton Creek investors.
2. The lease funding option was difficult as a majority of the water repair expense was not for a structure or equipment that would normally be leased.
3. There may be a legal question regarding the debt authorization of the District to \$6 million as it was approved in 1988 over 15 years ago.
4. This type of public funding requires a bond attorney opinion regarding the legalities of the funding. This may be difficult to obtain based on items 1 to 3 above.

5. The cost of the funding is approximately \$20,000 which would be a high fee for a limited amount of financing.
6. The District may need additional funding in the next few years to build a permanent water plant or to fund a settlement on the bankruptcy. It would be more economical to wait for 3rd party financing until the time those projects were practical.

The alternative proposed by Bob Polich was to obtain an additional \$50,000 in Association funding. This new loan would be used to pay the December bond principal, operations costs and interest on the current loans. The current loan holders would be paid the origination fee and interest on their original note; and asked to accept a new note for the principal balance with .5% origination fee and 8% interest with a term of one year. The 2004 budget projects the payment of the origination fee and interest next December. New notes would be written for the principal balance in 2004 with interest and one-half of the principal paid in December 2005. The remaining principal would be part of new notes written in 2005 that would be paid off in full in December 2006. The funding plan would allow the District to pay off all water repair and legal payables by July 2004 from current District receipts. The Board discussed the funding options. *A motion was made authorizing the Association funding option as proposed. (Graves/Archer,5-0).*

Mail Boxes. Several sites have been identified as possible locations to install a central post office delivery center for Hamilton Creek residents. The Board discussed various options and the potential interest in the project by the owners. Capital funds would be allocated in the 2004 budget should the Board decide to continue with the project in 2004. An owner survey would be included in the January Metro billing. Results of the survey and future consideration of the mail boxes would be included in the next meeting agenda.

2004 Budget. Notice of the 2004 budget available for inspection in the office of Mountain Systems and the consideration of the budget at this meeting had been published. *A motion was made to open the public hearing on the 2004 budget. (Christensen/Tenfjord,5-0).* There were no members of the public present. *A motion was approved to close the public hearing. (Christensen/Tenfjord,5-0).* Bob Polich went through each line item with the Board on the proposed budget and the information contained in the budget message. The budget projected returning the District to a positive cash position during 2004 with repayment of all of the outstanding payables for legal services and the water system repair. The notes payable with the Association as approved at this meeting were part of the budget. The user fees of the District, when combined with the property taxes to the residents, remained high. The budget retained the existing user fees of \$125 per quarter with water usage over 15,000 gallons at \$3 per 1,000 gallons. Tap fees are \$4,500 per unit. The mill levy would be 40 as set by the 1990 Plan. *The Board approved the 2004 budget and the resolution for 40 mills on the assessed valuation of the District. (Graves/O'Brien,5-0).*

2004 Elections. The positions of Eddie O'Brien and Kolbjorn Tenfjord will be up for election on May 4, 2004. *The Board approved the resolution authorizing Bob Polich to be the designated election official for the May 4th 2004 election. (Christensen/Tenfjord,5-0).*

The meeting was adjourned at 5:54 PM.