

Record of Proceedings: January 30, 2019
Durango West Metropolitan District No. 1 Board of Directors

Present: Board Members: Lisa Myers, Pete Merkel, Bruce Longwell, Melissa Schneider.

Staff Present: Janet Anderson, Kathy Phelps, Mike Roussin, Chris Kramer

Quorum: A quorum was present and Lisa called the meeting to order at 6:05pm. Minutes for October and November were reviewed and approved by motion from Melissa, seconded by Pete.

This meeting was originally scheduled for January 16 but was pushed to January 30 due to pre-approved attendance conflicts. Notices were posted with the change.

Minutes: The board unanimously approved minutes from November 14 and December 4 meetings.

Visitor Business: No visitors were present.

Water Report: Chris reported on water usage for 2018 and Janet asked if the well #3 meter was indeed fixed and fully working now. Much of 2018 the metering for well# 3 was not working and she wants to get back to being able to monitor for water losses. Water usage and bills are very reasonable as far as very limited loss amounts and seem to be on track with low average usages for each household. 2018 was an extremely dry year with multiple fires in the area and in western states again. Chris reported Nighthorse water was brought into the lake and explained in further detail the chemical process of what happened with the 4+ months of incredibly smelly and unpleasant tasting water. This was the biggest year for water quality complaints anyone could remember for at least the past 10 years.

LDWA Representative Update: Mike reported he was pleased the Nighthorse project line was completed and felt like things were on track financially for LDWA.

Water Costs LDWA: The board reviewed LDWA budget and discussed concerns with water costs until the debt service is scheduled to be paid off. LDWA personnel and royalty costs seem high, and there is concern from DW1 if LDWA will actually meet the new tap sales goals in order to make the loan payments for the Nighthorse line. Michael felt the tap fee sales will cover the debt. Janet is very hopeful this will be the case but is concerned with the growth numbers that are projected. Time will tell and we will need to keep an eye on the tap revenues and we should review Lake Durango rates further. The board was thankful to Mike and Chris for explaining more details about recent quality problems and financial updates. DW1 is very pleased with the quality of services from Chris and hopes he will remain working with DW1 for many more years. Chris said he sees retirement eventually but indicated he had no immediate plans. Chris said the lake needs improvements in the plant to fully deal with the taste and odor. We briefly discussed Chris has hired a new employee and Janet discussed getting Brian some

serious mentoring once we determine how staffing will be allocated in 2019. Janet noted she felt DW1 had budgeted adequately for changes in staffing this year, but it will depend on the extend of projects done in house or contracted. There are outstanding projects that will take more time with the housing project following the loss of our well-liked contractor, Andrew Stratton, Stratton Building Co., LLC.

DW1 Water & Sewer Costs: Due to the sewer fee increase DW1 residents are paying approximately \$165-175 in monthly fees, dependent on actual water usage. Water royalties continue to rise every year per the purchase contract and LDWA has imposed a 5% annual rate increase each year. Mike announced due to the horrible water quality problems LDWA was not increasing rates in January this year. He was not sure if an increase was scheduled for later in the year. Janet reminded the board DW1 normally reviews rates in April/May annually after the prior year is cleaned up and all the expenses that trickle in from January-March are paid. Janet and Mike mentioned the new auditor seemed to be reviewing DW1 rate structure quite thoroughly and in more detail than prior auditors had done. He had caught a minor error made by Kathy in the billing program in royalties amounting to pennies, which showed he was paying close attention to revenues against what we're paying since the royalty fee should be a direct pass through. Janet said she felt Ronny Farmer has a much different style and the change in auditors appears it will bring a closer look at different types of items and more big picture planning items versus other auditors, which should be good for the District. All types of auditors bring something a little different to the district and it is all helpful to the planning and learning processes for staff and the board. Janet reserved final judgment until a draft of the audit is in hand, but said so far things seemed to be moving fairly quickly and smoothly enough. No major concerns have been noted and we hope the audits can be caught up quickly. Mike sent an email to the state auditor to update progress.

POA: The District was told POA member Tyler Campana very much wanted to be appointed to serve on the metro district board but we have had no contact with POA for many consecutive months now. Janet has sent several emails and will keep trying to get Tyler to attend and become a regular board member if he is still interested.

Next Meetings: Meetings were set for February 20 and March 20.

Adjournment: Due to time taken to review LDWA budget and visit with Mike for a full update on the Lake and DW1 financials along with the discussions with Chris on quality issues, it was decided to table several agenda items until next meeting. The meeting was officially adjourned by motion from Pete, seconded by Bruce, at 8:30pm.

Record of Proceedings: February 25, 2019
Durango West Metropolitan District No. 1 Board of Directors

Present: Board Members: Lisa Myers, Pete Merkel, Bruce Longwell, Melissa Schneider.
Staff/Contractors: Janet Anderson, Mike Roussin. Kathy Phelps and Brian Davies were not present.

Visitors: Ronny Farmer, new auditor, was present.

Quorum: A quorum was present and Lisa called the meeting to order at 6:34pm.

Visitor Business: Introductions were made and the board was very pleased to have an auditor at the table. Mr. Ronny Farmer, (rfarmer,llc) was unexpectedly in Durango this week for another client. This turned out to be a good opportunity for the board to meet him in person.

Auditor: Ronny Farmer, (rfarmer,llc) was hired last fall to bring the audits up to date after Clark White informed the District her firm was retiring from auditing services. The District first solicited bids and received proposals far too expensive for the amount of work involved and our budget. We asked Karla Clark for recommendations and if she could share who former clients were using. The District had some drawn out audits and has not been within compliance dates since 2016. We've been very concerned about getting the audits submitted, but the cost was more than double prior years so the bids set us back again. Clark Wilson and Clark White have audited the District on and off since 1977. Karla Clark has also worked for the District in the role of audit prep services for other auditors.

The board was pleased he was here and introductions were made. Ronny reported the 2016 audit had gone well and presented a draft for discussions. There was some talk about work arounds for the quirks of using QuickBooks for governmental fund bookkeeping. He went over the financial statements with the board. He's become familiar with the Districts operations and was comfortable with the construction of the two homes. He said 2017 audit would probably go smoothly from what he has seen and discussed with Mike. He brought up two concerns. 1) Liability exposure with the wastewater plant. The wastewater plant was physically moved to 50/50 ownership in 2015 when the new IGA was signed, but Dw1 was not named as co-owner or additional insured on Dw2s policy. Janet contacted Jane with Dw2 and this was corrected. Janet mentioned she was surprised neither district or prior auditors had noted this as risk management is part of what auditors look at. 2) The water fund is losing money & is being supplemented by approximately 25K annually, which is not sustainable. Discussions on affordability and fees took place. Lisa said she was very concerned about how expensive Durango has gotten and how hard people are working. Wages don't keep pace for a lot of people to cover the steadily increasing costs of living here. She worries about residents struggling but understands the District can't sustain losses of this amount over time. The board agreed it is very difficult to increase rates and recognized fees can be a hardship. Janet said we should look at LDWA rates carefully on how much wholesale customers are contributing. In her opinion, LDWA budgets appear to be getting fatter while both districts are hurting in water funds. She also suggested we look carefully at our expense numbers mid-year before budget

The auditor urged the board to look at each fund carefully to consider increasing revenues accordingly. He didn't see there is much choice with what we're paying for purchased water. Janet asked if he saw any obvious, or not so obvious, over-expenditures or line items that seem high compared to other districts of similar size. He noted the majority of our expenses are set by other governments, basically Lake Durango and Dw2. He also said he'd done a fair amount of research and audits on districts, and felt in comparison we were fairly lean on payroll and expenses other than paying close to \$15.00 per thousand gallons for water and the rates per thousand we're charging are not meeting the fund expenses.

Ronny said he would send the final audit very soon and said the board should approve it then get it submitted. He also said he had spoken with the state auditor's office and they were aware progress was going smoothly. He would be busy with tax season but would begin 2017 as soon as possible. He'd then schedule 2018 and get us current. The board expressed they were very thankful for his efficiency. They were glad they had the opportunity to visit in person. He thanked the board and left the meeting.

Water Tap Fees: Janet suggested that the board look at raising the delinquent tap fee in lieu of the conversation that was just held, and the fact that LDWA is charging \$14,000 for retail taps currently. A wholesale rate has not been completely determined but Mike reported \$9,500-10,500 were numbers discussed. The District currently is using a very outdated tap fee of \$6,000 on the Resolution adopted in 2011 as a way to increase income in cases of foreclosures or abandoned homes. The board discussed several figures ranging from \$20,000 to \$28,000. Melissa motioned to raise the delinquent penalty tap fee for water to \$28,000, seconded by Pete, unanimously approved. Janet will draft an updated Resolution for signatures. She will need to check with Frank if we need to re-record or not. Technically the Resolution states the board may raise tap fees at any time and it states the fee at the time of adoption.

LDWA Representative Update: Mike reported on recent happenings at LDWA and some concerns with personnel budget being fairly high in comparison to other singular districts. LDWA is not responsible for roads, sewer, snow, or other items other than snow removal access for water facilities. Chris previously told Janet many of the facilities were not plowed out during heavy storms so some of the areas are not able to be maintained until they can be dug out. Meters are being replaced to move everything to AMR but some meters are still being estimated. Chris had mentioned Bud Fitts was doing some work in the plant and Janet asked why Bud Fitts remained as an employee. The original purpose of forming LDWA and purchasing the lake was to clean house and deal with several problems caused by poor quality maintenance. We went through years of litigation to get honest and dependable services. Mike said he had read through some of the historical minutes and wanted to bring a motion to make personnel changes at LDWA. The board remembered some of the issues that had happened with quality, inventory and performance. They supported Mike's suggestion and directed him to put a few items on the table.

Tennis Courts: Janet reported she had talked with Department of Local Affairs (DOLA) and they were scheduled to visit within the next month; however, due to large amounts of snowfall, she suspected the visit would need to be pushed back to May or June to deal with muddy and snowy conditions. DOLA is

going to help the district make a plan to repair the courts, which have experienced huge soil failures and caused great disappointment for everyone. Hopefully DOLA will be able to come up with some ideas and resources to put the park project back on track. The manager of our project sounded very optimistic.

POA: Janet announced Tyler Campana would be moving due to family illness out of state and that we would need to look for alternatives for a POA and board representative. Lisa stated there has not been follow up on the original group who wished to take over POA and that the District should inactivate the group and get the historical documents and bank account records back since it is not being worked on actively. Lisa motioned to inactivate, Bruce seconded, unanimously approved.

Personnel: The board discussed personnel ideas for Brian and Hugo's position. Janet reported snow plowing hours worked by Hugo were 19 for one period, then 116 for the next period and we should expect more large overtime bills for February. It was noted more snow will likely be coming but Janet mentioned she was going to pull the plug & reducing plowing within the next week or so since daytime temperatures rarely remain above freezing during the day in March. Mornings may need light plowing and sand but March storms melt quickly. She mentioned we really lucked out with the black truck and was happy it made it through the winter. Everyone is thankful for good snowpack given last year's drought. Fire risk should be improved and water supply should be plentiful.

Next Meetings: Meetings were set for March 20 and April 17.

Adjournment: Meeting was unanimously adjourned by motion from Bruce, seconded by Pete, at approximately 8:50pm.

Record of Proceedings: March 19, 2019
Durango West Metropolitan District No. 1 Board of Directors

Present: Board Members: Lisa Myers, Pete Merkel, Bruce Longwell, Melissa Schneider.

Staff Present: Janet Anderson, Mike Roussin. Kathy Phelps and Brian Davies were not present.

Quorum: The meeting was called to order by Lisa at approximately 6:25pm.

Minutes: Minutes from January and February were unanimously approved by motion from Lisa, seconded by Melissa.

Visitors: Mike Roussin reported on Lake Durango and provided details on how things are going.

Water/Lake Durango: General and detailed discussions about future costs of water, tap fees, rates, personnel costs, water quality, and numerous Lake Durango and water fund related items were discussed for the majority of the meeting. Lisa said she has growing concerns about affordability in the Durango area and in Durango West 1. Costs do seem to be rising and fewer expenses are under the district's full control due to the majority of monies allocated to water and sewer services. Water and sewer are dependent on other agencies (Lake Durango & DW2) to maintain these services and to set rates.

Expenditures: The board discussed and reviewed expenses, and reviewed time sheets for plowing services in January and February. We had a much heavier than normal year, approximately 150-160% of average snowfall. Spring is also expected to be wet according to longer range forecasts.

Building: Janet reported she had spoken with Brian about getting moving on building plans, but also reported if we were going to build this summer, it would be wiser to pour foundations later in the year due to soil conditions likely needing several months to properly dry out. If we have a wet summer it may be late August, but we'd like to have the permit ready and plans in place, and also a final budget for development in place and board approved well ahead of that time. Based on numerous talks with a geotechnical engineer who is a former board member, Dave Trautner, Janet reported due to the heavy snow year, if spring also is wet, we should have some concerns about ground shifting and foundation problems if we try to prep and pour a foundation while the water table is high. It would require we over-excavate, bring in dryer non-native materials, use additional compaction efforts, and prepare the soil in small lifts from at least 50" to the surface. It's normally wisest to use native soil with an appropriate amount of new dirt material and gravel added per engineer recommendations for present conditions. If we allow the ground to dry out well and then perform soil samples to pour at the right time, we should not experience issues other than typical minor settling that is unavoidable in all new construction. Soils can be more challenging in our location due to clay and mixtures of various layers. Per Dave, recent periods of serious drought followed by very wet periods can result in unusually deeper ground shifts with more

distinct layers of soils that then can separate over the years, as is typical for clay. Long term natural compaction is definitely best, and since both building sites have had homes standing on them and driveways used for many years we should be in decent shape as long as we don't dig too deep and over-excavate when soils are saturated.

Tap Fee Resolution: Per updated water and sewer costs over the past few years, the delinquency penalties and fees resolution was updated to reflect new debt service in the wastewater plant and the completion of the Nighthorse Lake water line to add additional raw water to the Lake Durango Water Authority supply. No other changes were made from the 2011 Resolution, which states that the fee for new taps may change at any time to reflect current costs and needs of the Durango West 1 Metro District. No public comments were received between the February 25 meeting and March 19, 2019.

Personnel: The board discussed personnel again in more detail. Janet will prepare new job descriptions and we will discuss further in April.

Next Meetings: The next regular meeting for April 17 was confirmed everyone was available.

Adjournment: Meeting was unanimously adjourned by motion from Pete, seconded by Melissa, at approximately 8:45pm.

Record of Proceedings: April 16, 2019
Durango West Metropolitan District No. 1 Board of Directors

Present: Board Members: Lisa Myers, Pete Merkel, Melissa Schneider. Bruce Longwell arrived slightly late due to work.

Staff/Contractors Present: Janet Anderson, Kathy Phelps, and Brian Davies were present.

Quorum: The meeting was called to order by Lisa at approximately 6:15pm.

Reschedule: This meeting was originally scheduled for April 17 but moved up to April 16 to obtain a quorum. Someone is present at the office in these situations, and Kathy agreed to be in the office tomorrow evening. Melissa and Lisa offered to come in if any visitors were present. It was agreed we could schedule a special meeting to accommodate visitors if needed. Janet was just beginning to recover from a serious case of cellulitis diagnosed as possibly onset from shingles. Janet didn't want to sit at the table or touch anything. Lisa handled presenting & passing out items.

Visitors: Josh Konen, 192 Timber, and Matt Nesbitt, 155 Timber, were present to discuss drainage concerns. The main issues brought up were 3-4 inches of standing water, large amounts of water draining down from Holly Hock, onto Moss, then jumping the curb and pouring down onto Timber. They both reported having sump pumps and said curb gutters were failing in several spots. Curbs in general are failing everywhere and were designed as roll off/roll on curbs in the lower area so they aren't good at guiding large amounts of water. DW1 is built on a fairly steep incline with a substantial elevation change. If we have an average or above winter a few residents contact the district requesting curb or culvert fixes every spring.

Curbs/Roads/Drainage: Moss is a particularly bad street because the water doesn't fully flow to Forest or the main drainage path behind Timber. Moss needs drain pans, new curbs, potentially an elevation correction or a couple of culverts, all of which are expensive. The District has always struggled with drainage due to the steep grade and low curb road design. Over the years each home built affected drainage flows. Every structure was built with attempts to guide the water around and not under. Water is pooling in a lot of areas and guiding it just right is not always possible, and can be very expensive. The original road design may have worked a little better before structures were built, but this is difficult to determine. Builders also should have done a lot more with dirt work and elevations but typically did the minimum. Curbs and "soft spot" areas have sunk due to all the years of construction equipment, trash trucks, soil shifting, and then further abused by vehicles not using curb cuts. Every street seems to have a couple of problem spots that give residents headaches and worry.

Several methods of drainage mitigation were discussed. Lisa explained it boils down to budget and the overall designs of roads & lots. Bruce said he sees a large road bond will be necessary fairly soon to address the amount of work really needed and to beef up and build better drainage. Janet agreed the district is starting to push the window for dealing with curb failures and sink spots to mitigate water penetration before some of the road bases lose integrity. Rebuilds are about 3 times the expense of overlays. Curbs are expensive; however. It would be good to explore some storm drain options. Doubtful any dry well or basin options would work given the amount of land to work with, but it would be prudent to budget for some engineering recommendations for planning purposes next year.

In the meanwhile, Josh and Matt are happy to look at some inexpensive options for spot repairs that may help their specific problem areas. Brian said he had some ideas and was happy to look closely at the areas with them. Bruce offered to set up a meeting later in the week to look at them together to see if an inexpensive fix is an option the board could approve now to alleviate some of the problem. It was agreed Brian, Josh, and Bruce will meet on April 18 to discuss Moss Road curb repairs.

Executive Session: At 7:10pm Pete motioned to enter executive session Per §24-6-402(4)(f), C.R.S., "Personnel matters;" for the purpose of discussing Brian and Hugo structure of positions between them, supervisory considerations, and compensations, seconded by Lisa, unanimously approved. Kathy and Brian were asked to leave for this discussion. Brian and Hugo were aware of the session and were given the option of making it a public session. The board said they were welcome to go home for the evening. Kathy chose to return to keep notes and to help clean up after the meeting. The board reconvened to regular session at 7:45pm.

A motion was made by Pete, to offer a salaried position to Brian Davies, and to provide health insurance with a percentage paid by the employee by payroll deduction. seconded by Lisa, unanimously approved. Janet will speak with Brian and begin reviewing personnel policies and together will define a job description with goals of licensing and various supervisory duties. Initially this position will combine maintenance, plowing, obtaining a water & sewer treatment & infrastructure small systems license, oversight of some construction and other projects, and some administrative duties in winter if we have mild snow, such as some mapping and scanning of historical water & wastewater documents. Janet has been pulling together portions of duties from the a few of Kathy's and Janet's lists that have been unrealistic to complete without additional help. The District will remain needing seasonal labor & plowing help and we will re-evaluate our personnel situation for the 2020 budget year. Unfortunately, the budget will not support two full time salaried positions. It is very difficult to keep reliable hourly help in maintenance due to weather, down times, and then over times. A salaried amount to work with provides much more stability for the employee and we've found it has worked out very well on an annual basis to look at overall value provided to the district for each position. If we have exceptional projects bonus amounts may be offered. In slower times the employee gains more comp time and the district saves overall. Since Brian enjoys outdoor activities and goes to Denver frequently a salaried position will work out better for him as well.

Snow Plowing: It was agreed the plowing season was a bit rough at times for the drivers but they did an excellent job and thankfully our equipment survived another season. A new plow truck is definitely needed. Brian has been in the car business with his father for many years and in fact, Janet purchased a used car from Brian almost 20 years ago for a great deal. Janet has talked with him about finding a replacement for the 550. At least a 350 or a mini dump is the most useful for abilities to plow, haul equipment, and handle infrastructure fill, sand, and landscaping materials.

Mobile Inhabitable: The home located at 103 Timber Drive has recently been condemned and is vacant due to dangerous conditions. Gas and electricity were terminated from the unit. Janet was told by the property manager that it was not worth repairing and asked if the owner may be open to an offer to sell. Janet was authorized by motion from Melissa, seconded by Bruce, to negotiate up to \$55,000 to purchase the lot if the trailer is removed and the lot is cleared. If the trailer remains, the price should be reduced accordingly for costs to remove and dispose since it is not salvageable, which would cost approximately \$3500-\$5000, dependent on some variables and inspections of materials. \$50-55 is on the higher end of what the District can make work given building prices, but land is not plentiful, this is a reasonable market value amount, the benefits to the District are well worth it in the long run.

POA: Tyler Campana has sold his home and Janet was asked to contact Stephanie Fox to request the POA books and paperwork back since there has been no activity or contact for almost one year.

Board Member Position: The POA is not going to materialize and fill the 5th spot they said they definitely wanted. Everyone agreed to try to solicit someone to fill the 5th position.

Next Meetings: The next regular meeting had scheduling conflicts for May 15 so it was moved back to May 8, 6:00pm. Kathy will notice the new date in billings and post as usual.

Adjournment: Meeting was unanimously adjourned by motion from Pete, seconded by Melissa, at approximately 8:25pm.

Record of Proceedings: May 8, 2019
Durango West Metropolitan District No. 1 Board of Directors

Present: Board Members: Lisa Myers, Pete Merkel, Melissa Schneider, Bruce Longwell.

Staff Present: Janet Anderson, Kathy Phelps, and Brian Davies were present.

Quorum: The meeting was called to order by Lisa at approximately 6:08pm with motion by Lisa, seconded by Bruce.

Visitors: Scott Neilsen, 133 Westridge Road.

Fire Mitigation: Scott talked with the board about fire mitigation and said he did not feel enough fire mitigation has been completed. He feels strongly that fire mitigation should be a high priority and was not aware of some of the work that had been performed in other areas. The board shared some mapped areas that were worked on last year, and discussed what is under the District's control and what is not. Scott lives on the west side of Westridge Road, which backs up to a forested area owned by a private developer, who has refused to perform any fire mitigation services or to contribute to the District's work on mitigation, despite several requests. Slash is the largest expenditure and problem and we discussed options for burn units that Scott said SW Ag rents for \$300-400/day. Janet was unable to find their prices on the website but will contact them to see what burners may be feasible and if they are large enough to handle the volume of fuel we can generate. If a burner could be utilized that could handle about 150 yards of slash each season it could make a tremendous difference. Janet or Brian will look into rental units and costs for consideration during fall cleanup. Vegetation grows very quickly and dw1 is in a very high-risk fire area. However, the district is fortunate to have hydrants throughout, and a volunteer station is located on Lazy Pine, which is part of the Animas Fire Protection District. This keeps homeowner insurance rates reasonable, but some residents have reported receiving letters for mitigation and potential termination threats in high risk years. 2018/19 was a strong winter and fire risk should be much lower this season and less volatile; however, it was agreed regular mitigation is needed and keeping on top of it is far more efficient and lowers costs in the long run.

It was agreed that Briand and Scott will work together on the property behind the developed portion of Westridge this season, and continue where Scott stopped and to make a plan together. Some residents have done minimal work. Scott indicated he had cleared a lot of vegetation over the last year and in past years. The district extends a thank you to Scott for volunteering to work on the Westridge area.

Fire Mitigation on Adjacent open lands: It is very disappointing adjacent land owners Bob Wolff and Terry Hutchison don't feel more responsibility to contribute anything to mitigation efforts given the dangers that these overgrown forested areas pose to their properties and to so many people and homes in near proximity. In 2018 Pete had secured a professional fire mitigation company with a strong reputation normally booked solid well in advance. He agreed to perform the fire mitigation

along the south property line on Woodcrest. Janet talked with the owner, Randy Stevens in Texas and he acted friendly, supportive, and agreed with potential dangers. He then said they'd had some health problems in his family and asked Janet to work through Terry Hutchinson. Janet followed up with an email and spent weeks trying to get written or verbal approval to do 50-100' line at the district's sole expense. Janet sent a legal liability release along with proof of insurance and the name and reputation of the company. Shortly after the request the wire fence showed up along Lazy Pine. There were cows grazing that summer we've not seen for several years. An owner of one of the mobile homes behind the fire station was visited by the county assessor so perhaps the fence purchase and grazing could have been for the county tax purposes to prove ag use. Janet visited with this owner while inspecting the electrical service at the treatment plant and he informed her that Terry Hutchinson said Janet was the person who called the county assessor, which was not true. Terry also made a call to Animas Fire and spoke with Karola Hanks, stating it appeared that Dw1 was pirating electricity from their building since there was not an electric meter located on the treatment plant. Terry also inferred the district originally constructed the treatment plant building on the fire station property without permission. Fortunately, Janet was able to locate the original easement agreement as Karola said she was not able to find a copy or reference to anything relating to the treatment building. Janet then met with Karola Hanks on site and they were quickly able to find Dw1 electric's service, which is metered on the pole due to 480 phase power for safety purposes. When Dw1 built the treatment & pumping plant, the fire department granted an easement for as long as the building is used. It was signed by the fire chief and a board member, showing the compensation would be snow plowing. Terry's father, Hutch, deeded the parcel to the fire station when he first developed in order to maximize property prices. Obviously, it was a symbiotic relationship between a water supply with good pressure and fire trucks close to dense housing. The station was set up as an unmanned location and Dw1 had no problem placing their driveway area on the highest priority plow route along with Forest Ridge and the entrance. As a courtesy and for aesthetics, district has always kept the property mowed and edged, and keeps the area clean. It's been a symbiotic relationship from the beginning as Hutch benefited with higher property values due to fire protection on-site. From all paperwork found, it appears Dw1 has enjoyed a cooperative relationship with the Fire District for 40 years.

According to Terry, Dw1 residents have always trespassed on their land and on Randy Stevens land. She performed a survey of their property and showed the District had inadvertently placed a portion of fencing at the treatment plant extending beyond a few feet into their property. A privacy fence was installed to keep the equipment out of site and keep the place looking neater. The land is vacant and it's never impeded or caused any problems, but it was installed in an honest error by Hugo. Janet had Hugo remove the encroachment after it was brought to our attention and it was not a big deal. The fence had been there for approximately 5 years. Dw1 provides services with road access, mail, sewer, and snow removal for the Hutchinson properties and we have never charged them for these services due to the commercial area being used by them, the District's treatment plant being there, and the fire station and well #7. Dw2 believes they are servicing the property with water. Dw1 does not think this makes logical sense due to the layout of the main Lake Durango line and the people who originally installed water services. This needs to be clarified and may take digging it up to confirm for sure.

There was an incident recently where a fire was started in the dangerous swath of land south of the district and not far from the Hutch property by some teenage female residents living in Dw1. This also added to Terry's irritations and actions subsequently taken against the District.

Commercial Properties east of DW1: There is an outstanding issue with the fees for services outside of the District and with DW2 to fully resolve determining where the water is being services. Because there were benefits to all the properties and Dw2 has assumed they are servicing the water (the property is within their boundaries), Dw1 has not pushed for fees. The board agreed we needed to provide notice and set up a fee structure. Unfortunately, there is not adequate mapping from either district and Janet think it's possible the water service is directly tapped off the lake Durango line prior to reaching either district's meter. Dw2 says it is metered and is coming off of the line that feeds across the highway. This should be the case, and hopefully is, but unless we dig it up and trace the origin, nobody will know for sure. It should be resolved and Janet will prepare a notice for board review to Dw2 about the water and to the property owners that Dw1 intends to establish outside service fees.

Minutes: Minutes from March and April were reviewed and unanimously approved by motion from Melissa, seconded by Pete.

Audit: Janet reported 2016 audit was submitted to the state. The auditor is working on 2017 and Mike told Janet Ronny may be Durango sometime in July. We are hopeful he can start 2018 sooner than planned, but we've not heard this to be the case yet.

Water Report: Chris asked that Brian and Hugo work on flushing fire hydrants throughout the subdivision from the top down. Janet suggested street sweeping of gutters be included where possible as it is a great way to blast out the curbs from winter sanding and gravel from unpaved driveways.

Development Plans: We briefly discussed development plans and Janet suggested we take a strong look at Tuff Shed for cabin type shells to build on Woodcrest. She has not seen a house plan that has captured her for Timber but she would be discussing with Brian to do some serious work on putting together some footprints and rough bids while she is on vacation during June. The District would like to build homes on both 229 Woodcrest and on 24 Timber between now and next summer. Janet is familiar with the Colorado coded custom buildings and they are built quite well for an extremely competitive price. Janet said if we could find shells those could be finished within 6 weeks from ordering, and we could do interior work as we can handle during the winter, dependent on snowfall.

Next Meetings: Meetings were set for June 19 and July 17.

Adjournment: Meeting was unanimously adjourned by motion from Melissa seconded by Pete, at approximately 8:15pm.

**DURANGO WEST METROPOLITAN DISTRICT 1
BOARD OF DIRECTORS**

Meeting Minutes

JUNE 19, 2019

Regular Meeting of June 19, 2019: CANCELED FOR FAMILY EMERGENCY

Next Meeting: July 17, 2019 6:00pm District Office

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes

July 17, 2019

Call to Order

Lisa Myers called the meeting to order at 6:10pm

Present

Lisa Myers, Melissa Schneider, Bruce Longwell. Pete Merkel was absent due to work

Janet Anderson, Brian Davies, Chris Kramer, Kathy Phelps

Motion & Second was made to approve May 8, 2019 meeting minutes, passed

Visitor Business

There were no visitors present

Water Report

Chris Kramer reported LDWA had THM (Trihalomethanes) elevations that exceeded operational evaluated level too many times. LDWA must now hire an engineer and submit a monitoring and treatment plan they can implement to bring levels under the maximum. TGMs are a byproduct chemical formed when chlorine makes contact with water to an extended amount of time. The problems are happening at the distribution points furthest away from the treatment plant.

Chris asked that Brian and Hugo do hydrant flushing in June, reported that was completed. Maintenance on all they hydrants was also completed as recommended per manufacturer. Janet suggested we coordinate with the fire department to record official updated flow rates since it has been several years. If we can perform the tests in house by borrowing the appropriate meter from the fire district, we could update records he next time hydrants need flushing. Brian will need basic instructions to ensure we are performing the test procedures properly for accurate results. There are 19 Hydrants and 2 are listed as not having enough flow to use.

Hydrants are classified in gallons per minute and painted according to flow:

0 ≥ 500gpm painted red, 500 ≥ 1000 painted yellow, ≥ 1,000gpm painted green.

Resident Questions, Pending Responses, On-Site Visits

The board did a walking tour to respond to questions that needed site visits prior to discussions. Several homes were visited and residents involved were contacted prior.

Next Meetings

Meetings were set for August 14 and September 18.

Adjournment

Motion and second to adjourn at 9:45pm, passed

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes

July 24, 2019

Call to Order

Lisa Myers called the meeting to order at 6:18pm

Present

Board: Lisa Myers, Melissa Schneider, Pete Merkel. Bruce Longwell was absent.

Staff: Janet Anderson, Brian Davies, Kathy Phelps. Hugo Silva present for a portion of the meeting

Visitor Business

No visitors were present.

Unfinished Business:

This meeting was a continuation of agenda items not completed July 17.

Water Quality/Hydrant Flushing – Update/Discussion:

Chris Kramer reported Lake Durango had been experiencing elevated levels of THM (Trihalomethanes) and Lake Durango was required to hire an engineer to advise and implement treatment and/or distribution changes to address long holding times, which causes THMs as they are a byproduct of chlorine content that occurs after is chlorinated and not used for longer periods of time. Hydrants were flushed in June. Brian reported a few more details on the flushing and indicated he needed some advice from Chris Kramer or his employee on a few repairs and design of the hydrants in the district.

Parking - Discussion:

Lisa noted parking problems appeared to be expanding this summer as she has noted more vehicles are parked on dirt, grass, and unimproved parking spots. It was noted one rental home in particular has received numerous warnings and 2-3 tickets. The board agreed the manager should make contact to confirm the owner is aware the property is in violation too often. Concerns about hindering plowing and safety are noted. This property is also located close to an intersection and has high visibility from the entrance. A driveway redesign may be able to alleviate the issue if constructed properly due to an existing steep grade. The manager will

inform the landlord a new parking design could be considered and presented for pre-approval, or the owner will need to reduce the number of vehicles allowed for current and future tenants.

Executive Session - Personnel:

At approximately 7:15pm motion was made, seconded, and approved to enter executive session per Colorado state statute personnel matters 24-6-402(4)(f) to discuss with maintenance position, Hugo Silva, his recent resignation relating to behaviors that have been discussed several times prior, and ongoing behavior the board had determined is harmful to the district. The employee was made aware of this meeting and was given the choice option to meet with the board in public or executive session. Employees Janet, Brian, and Kathy were dismissed for the executive session. The meeting reconvened to public session at approximately 7:45pm. Hugo Silva left following his meeting with the board.

Personnel – Action Item:

Hugo Silva informed Janet, Kathy, and Brian that he was quitting on July 15, 2019. An executive session was held for the board to request details of what happened and why. The board prepared a written confirmation of Hugo Silva’s resignation and Melissa volunteered to hand deliver formal acceptance of his resignation following the meeting. Janet was asked to keep a copy on file, but to note it as a confidential personnel document.

Development-Discussion:

The board discussed developing on Woodcrest and Timber lots owned by the district. The manager reported the original plan for removing the mobile on 229 Woodcrest has not been resolved due to outstanding parking issues that are in violation of a deed restriction agreement. Possible solutions were discussed. The district does plan to develop the two lots.

Open Board Position-Discussion:

There remains an open spot on the board for an appointment. Members were asked to talk with neighbors and pass the word. The position has been announced in monthly billing statement notices for over a year.

Adjournment:

The meeting was adjourned by motion, second, approved at approximately 9:15pm.

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes

August 14, 2019

Call to Order

Lisa Myers called the meeting to order at 5:35pm.

Present

Board: Lisa Myers, Pete Merkel, Melissa Schneider, Bruce Longwell

Staff: Janet Anderson, Brian Davies, Kathy Phelps.

Nick Anesi as Counsel, Mike Roussin as Accountant

Personnel Discussion:

A motion was made by Melissa to enter executive session per Colorado state statute personnel matters 24-6-402(4)(f) to discuss with the district manager, Janet Anderson, recent acts, duties, and personal matters involving her children, seconded and passed. The employee was made aware of this meeting. The option was given to her to hold this discussion in executive or public.

Visitor Business/Public Comments:

Numerous residents attended as anticipated. The venue was changed to the fire station to comfortably accommodate residents. Sign in sheets are on record, but not attached to avoid releasing phone numbers and email addresses without permission.

Lisa Myers announced the public comments session was beginning at 6:34pm. Introductions were made to identify the board members, staff, and counsel listed above. Lisa welcomed the residents and thanked them for coming this evening.

Lisa announced we'd start the session by asking Nick Anesi, the District's lawyer, to explain legalities of the district's status. The District received a letter of administrative dissolution dated June 6 the board will address this evening. The letter was from the Colorado Department of Local Affairs (DOLA), under which, the Division of Local Government (DLG) operates. The DLG is a division that was formed to be a liaison with local governments. Nick Anesi was present to advise the board and to answer any questions. Nick announced Durango West 1 had taken corrective actions, and was now in compliance with document filings with the Division of Local Government (DLG). He also reported his law office had spoken with supervisors at the DLG, who were very cooperative and helpful in assisting Durango West into compliance. Nick also reported speaking with the Colorado Attorney General, who he said had no intention of filing a petition to dissolve the district. Nick verified all required documents had been submitted. The filed documents were further

reviewed by DLG counsel prior to acceptance, and they found the District to be in compliance. This process took a couple of weeks to complete and he assured residents that Durango West 1 was declared in good standing. Due to laws in Colorado regarding special districts, there was not a real possibility of dissolution because the District is actively operating. He then read a letter from DLG confirming they were rescinding any actions of dissolving Durango West 1.

Melissa Schneider then provided some background on why the letter was sent. She advised since a number of people were present, residents wanting to comment or ask questions should please come to the table in front of the board to be heard. Residents were asked to limit comments to 5 minutes or less to give everyone who wishes to speak a chance. She stated neither board members or the district manager had seen the letter from DLG until July 31, the day the newspaper published a story online. The reason for this was because the manager was initially out on vacation, which turned into a temporary personal leave due to a serious family crisis. The District could have easily avoided this administrative dissolution and threat of court action with a prompt response and immediate corrective actions. The fact that the district manager was away from the office for an extended time period should not have resulted in the district's failures to comply with important filings. The missing documents were election results, budgets and audits, all of which are part of the district's normal paperwork that is done on a regular basis, and required to be sent to the DLG. Filings are supposed to be completed within the state's criteria and compliance calendar. Board members have met with the manager and staff to assess and fully evaluate this failure in order to implement internal control procedures, which will ensure mail is promptly processed and compliance dates are met and also verified. The district deeply regrets dropping the ball and causing worry and distress to residents. Melissa said the board viewed the state portal which shows the district filed documents referred to as missing in 2018, but the documents were rejected by the reviewer. The portal was not accessed again until July 30, 2019, after reading the letter and speaking with staff at the DLG. In viewing filings from other districts, it was discovered minor discrepancies are not uncommon. The state has transitioned to using a main portal to combine documents regulated by different departments into one place, and the state no longer accepts some documents submitted by mail or email. Failure to meet rules regarding criteria of attachments, improper format, or not combining separate files into one pdf can cause a filing to be rejected.

Residents were present due to recent newspaper publicity regarding a letter sent by the Department of Local Affairs. Approximately 22 households were present according to the sign-in sheets and probably more who did not sign in. The letter stated the lack of filing documents could indicate the District appears it is not active and is not providing services. The letter said the Division of Local Government (DLG) was notifying Durango West that they are considering the district as administratively dissolved by declaration due to missing documents.

The DLG does not have the legal power to dissolve a district, but they do need a process to remove districts from their records when they no longer are active. There are about 2,000 special districts the DLG keeps track of. If the DLG thinks a district may no longer exist, they can send a request to the Colorado Attorney General to file a petition with the District Court in the county the district was located. If a judge determines there is no evidence the district is operating, and if a legal process proves the district has no debt, a judge can then order the district dissolved, which removes them from DLG records and oversight. The DLG did not send a request to the attorney general. State laws do not allow a district providing services to be dissolved.

The letter was dated June 6, 2019, and La Plata County Commissioners, Assessors, and the County Clerk were sent a copy. The Clerk's Office copy was stamped received on June 18, 2019. The county and the attorney general understood the letter was an administrative process, and they understood Durango West 1 was an active district providing continual services. Therefore, neither agency took any action regarding Durango West 1, and neither agency made or attempted to make contact with Durango West 1 relating to the letter.

Durango West 1 has continually provided services since 1977. Durango West 1 has debt for wastewater treatment plant upgrades through an Intergovernmental Agreement with Durango West 2, and has debt with Lake Durango Water Authority through a court order with the Colorado Public Utilities Commission (PUC). The PUC had to approve Lake Durango Water Company to be purchased by a water authority. The approval removed PUC regulation and transferred it to Lake Durango Water Authority. Durango West 1 was a founder of the authority by agreeing to form a legal public entity with Durango West 2 and La Plata County for the purpose of buying Lake Durango by issuing revenue bonds to pay for Lake Durango's assets and water rights.

A current resident, Chris Hamilton, discovered the letter while doing research at the county. Chris Hamilton is unhappy with the district and said he is preparing to sue. He wrote an email to the board of directors on July 30, 2019 at 5:30pm, and contacted the Durango Herald the following day, July 31. Durango Herald contacted the District on July 31, 2019, after already speaking with Ann Terry, executive director of Colorado Special District Association, and after contact Frank Anesi who is listed as the District's contact person. The Herald published their story online on July 31, and printed it as their front-page cover story on August 1, 2019. The newspaper prints 3 days per week and prints 1 weekend edition.

Board members believe the newspaper sensationalized the situation and caused distress for people in the process of selling or buying. They also believe Chris Hamilton knew there was not a real risk of the district being dissolved as he is a licensed attorney and the laws are clear on an operating district.

About 14 residents commented and asked questions during the meeting. A few residents offered to donate their 5 minutes to Chris Hamilton. Comments primarily reflected people feeling upset, angry, disappointed, confused, harmed, and fearful. There were questions about not knowing where funds were being spent. There were accusations made of impropriety, dishonesty, corruption, distrust, incompetence, worry, and fear. Several residents made positive comments about snow removal. A few residents gave recognition that small entity board positions are thankless jobs. Residents were mostly angry with the manager.

Wrapping up, Lisa Myers thanked residents for taking the time to show up. She reminded people the board has been meeting monthly for all her years on the board, and frequently the board meets more than once per month. Meeting dates are always printed in the message section of each monthly bill and posted at the bulletin boards at the mailboxes and office. The manager freely admitted fault the situation with the DLG went this far. Lisa reported recent discussions between the board and staff would result in some changes with board oversight and staff procedures. She noted the board and staff members have always been committed to going a good job for residents and was apologetic. There were some proactive comments and the group was in large agreement about wanting more transparency. Lisa Myers stated information was always available and has never been withheld from requests, and noted meetings are rarely attended by residents. She thanked residents again for coming and promised the district would follow up on several requests. The group wanted more meetings held at the fire station a few times each year.

Action items:

- 1) Chris Hamilton stated there was a discrepancy in the actual expenditure for insurance that was listed incorrectly. He had done some comparison on insurance expenses with Durango West 2 and wanted to know what Durango West 1 was paying for. He questioned expenditures on equipment. Mike Roussin will look into the details and report answers at the next meeting.

- 2) Tennis Courts: The courts experienced unavoidable soils failure per examinations from engineers and from Department of Local Affairs (DOLA). DOLA representatives were scheduled for a site inspection last spring, but due to snowpack, arrived this morning. They were not aware of the letter from DLG and indicated they were pleased with the project, and surprised given they saw no construction flaws. Kathy Metz, Director of Durango Parks & Rec, also attended this morning's site visit. DOLA recommended obtaining new soils samples with Dave Trautner, then coordinate with the original civil engineering firm who designed the courts. Trautner Geotech made site visits to inspect several times during the soils shifting process. DOLA asked that the two engineers make recommendations for mitigation and send to DOLA. They will look for funding and do their best to help the District move forward with repairs or rebuild to make the area usable. At that point the District can go back to the original plan of making smaller improvements each year. The board made a decision not to continue

putting funds toward the park until the courts stabilize, and until a proper plan and funding is in place. The district will inform residents and may want to do another in house survey for top wishes for the area given the high sell/buy rate in the neighborhood.

- 3) Residents seemed to agree they liked the fire station venue and suggested every 2-3 months would be nice. It was decided October's meeting will be held at the fire station, 50 Lazy Pine Drive. Residents must bring their own seating, which worked out fine this time. The district needs to get permission and coordinate the date through Animas Fire District. The date will be noted on next month's bill, and posted.
- 4) There were a few questions raised on details of the joint ownership of the wastewater treatment plant. The District will post the IGA (Intergovernmental Agreement) for the public which provides the details on how the joint ownership is currently structured.
- 5) More transparency was the top item residents requested. The District agrees a website is way past due. The District will get something put together that is functional between now and the next meeting, with adding more historical docs over the next few months. A website will be launched to at least include the immediate short list of requested transparency items: meeting dates, minutes, financials, budget, and real estate disclosures. Residents will be able to contact the district through the website to request information they would like added.

Next Meetings

A meeting will be held at the fire station again in October. The District needs to accommodate the fire station availability and will post the date on bills, mailboxes and office bulletin boards, and on the website. The 3rd Wednesday is the date the board tries to keep consistent. The board is currently one position short and therefore a full board is highly preferred. Visitors are very rare and meetings are rescheduled to fit board and staff schedules when needed. October meeting will be on a Wednesday to be confirmed with fire dept. September 18, 2019, next meeting at District Office.

Adjournment

Motion and second to adjourn at approximately 8:20.

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes – September 18, 2019

Call to Order

Lisa Myers called the meeting to order at 6:30pm.

Present

Board: Lisa Myers, Melissa Schneider, Bruce Longwell, Pete Merkel.

Staff/Contractors: Janet Anderson, Brian Davies, Chris Kramer, Kathy Phelps, Mike Roussin

Residents/Visitors: Matt Nesbitt, Chris Hamilton, John Mace, Angela Howell, and Kevin Ireland.

Minutes

Motion & second was carried to approve meeting minutes of May 8, 2019, as presented.

Water Quality Follow Up

Melissa asked about water testing at Lake Durango for elevated levels of trihalomethanes (THMs) and halo acetic acid (HAA5) test results as reported by Chris Kramer in May. LDWA is under a state Operational Evaluation Levels (OEL) plan to have engineering studies & monitoring to advise treatment and distribution options capable of lowering disinfection byproducts. THMs and HAA5 are caused by a reaction of chlorine after a certain holding time of treated water. LDWA is exceeding allowable levels in the distribution system at testing sites close to the end of their distribution lines. There are fewer homes and more miles of pipe causing the water to produce bad byproducts at higher levels than drinking regulations allow.

DW1 water is not affected, our system has been tested, and does not show elevated THM and HAA5 test results. DW1 concerns are the financial impact on LDWA and that DW1 residents not be subject to higher rates as an OEL can be costly. Melissa asked that we look at the LDWA budget anticipated for dealing with the THM/HAA5 problems and our board representative continue to provide updates and details.

Fire Mitigation was brought up by Pete and he mentioned Brian had done an excellent job on several areas throughout the neighborhood with thinning overgrowth & minimizing fuels. The board agreed fire mitigation is critically important and decided to concentrate on doing more mitigation work in lieu of this year's fall cleanup. Although the cleanup day is popular, it relies on a lot of labor and ends up costing at least 6-7,000. These funds will be allocated to fire mitigation and chipper rentals and dumpsters for needles and debris that cannot be chipped. The District made good progress last year on mitigation and would like to continue to work on the

perimeter areas. Despite private land owners not being willing to contribute, the impacts of defensible space cannot be understated. Favorable motion was made and seconded to not hold a fall junk cleanup in 2019, and to increase fire mitigation work instead. Brian and Pete made an agreement to meet

Resident Comments

Chris Hamilton has questions and expressed concerns about finding inconsistencies in prior year budgets showing actual expenditures differing from the reported audited expenditures. Lisa expressed her appreciation for his interest in drilling down on financial details, and Mike will try to answer his questions and provide financial information details. It may be helpful to have the auditor look over differences in line items to assist in explaining what adjustments were made during the audit process, and why. The board will be reviewing a proposed budget for 2020 during the next two months and will adopt the budget and appropriate funds for 2020 as required.

Chris Hamilton and John Mace had questions about the ILC Resolution requiring Improvement Location Surveys be completed as part of a requirement for home sales. Chris emphasized the ILC was not considered a court legal document and therefore expressed it is a waste of money and not a helpful instrument for boundary line disputes. The board explained the requirement was not intended to be used as a court exhibit, and there were differing opinions on the value of an Improvement Location Certificate. As a realtor, John felt it was an extra expense (recently homeowners have paid between \$325-400) for owners who are squeezing into homeownership, as many first time buyers are very tight on funds once the closing fees, appraisals, document filings, title work, insurance, and like expenses flush out during the real estate closing process.

DW1 has experienced a growing problem with sprawl as the neighborhood has filled in over the years with very few open lots that remain undeveloped. There have been numerous issues with lack of adequate access for utility upgrades, scheduled repairs, and open space areas being fenced in, parked on, decks, sheds, etc. The board's intentions are to be certain there is awareness of property lines, and whether there may be existing encroachments or not when new owners purchase. The board appreciated the input and reasoning for not liking the ILC rule and advised they would take it under consideration. John said perhaps the ILC could be covered by the District by increasing a transfer fee so that it would not be viewed as an added financial burden. The District can require an ILC but cannot require which party pays for the cost, and absorbing it through other means can also be taken under consideration. No decisions were made

Board Appointment

As the meeting was winding down Matt Nesbitt visited with the board about his current position with local government. It appears Matt has some background that would be helpful and suitable to working with the District. On several occasions Matt has expressed his interests in DW1 remaining affordable and most importantly, remaining secure with solid water and sewer and road infrastructure to provide reliable services. Matt visits with residents while walking his dog and did express some interest in serving on the board. DW1 has placed notices on billing statements for the past year looking to fill an open board position. Melissa somehow talked Matt into making a commitment to serve until the next election, and then he can decide if he wants to run and continue in a board position. Motion was made to appoint Matt Nesbitt as a board member if he was willing to serve, unanimously and enthusiastically approved. Janet prepared oath paperwork and Melissa swore him in. Welcome, Matt!

Next Meetings

Meetings were set for October 23, November 20, and December 11. Janet requested a work session to help determine budget priorities be scheduled sometime in the first part of October. The board agreed to meet October 14, subject to rescheduling or holding two sessions if not convenient.

Website

Residents asked for a website to be kept informed at the August meeting. Janet put together something functional, although she was clear in stating she had no expertise or experience. The board was happy with the site and it will serve the purpose as we work towards adding on and professionalizing it over time.

Adjournment

The board unanimously adjourned at approximately 9:15pm.

Melissa Schneider

Janet

10/23/19

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes- October 23, 2019

Call to Order

Lisa Myers called the meeting to order at 6:30pm.

Present

Board: Lisa Myers, Melissa Schneider, Pete Merkel, Matt Nesbitt

Staff/Contractors: Janet Anderson, Kathy Phelps, Mike Roussin

Residents/Visitors: This meeting was held at the fire station. Nine homes were represented per the sign in sheet.

Minutes

Motion & second was carried to approve meeting minutes of September 18, 2019 were approved as presented.

Water Quality

Janet provided a quick update on THM results from Lake Durango and the impact on their 2020 budget due to engineering costs. Impacts on Durango West 1 will be better known over the next couple of months.

Total Tap Count & Tap Fee Resolution: The board discussed an administrative error in the tap fee resolution modified and adopted on March 19, 2019. The board will consider the modified rate next meeting. Janet provided a summary of the total number of residential water taps Durango West 1 pays for with Lake Durango. The total tap number of 264 is also the total number of current taps the District has been allocated and is approved to develop with the county and state water division based on historical legal records relating to several years of negotiations and litigations involving the Colorado Public Utilities Commission and Lake Durango Water Company. In 2009 Lake Durango was purchased by a newly formed water authority. The authority members are Durango West 1, Durango West 2, and La Plata County.

Water Quality Lake Durango: Janet briefly gave an update regarding elevated THM levels that were discussed in the September 18 meeting for the benefit of visitors present.

Budget: The majority of the meeting was spent reviewing budget line items and discussing expenditures and fees among the board and with residents. Janet expressed the largest concern presently is the rates the District is paying to Lake Durango and water rates per thousand and with minimums are not adequate to meet the necessary expenses of the water fund. Even with

serious cut backs, the water fund is too short in revenues to break even. The board will consider the water rate structure and discuss again next meeting.

Lake Durango Water Authority: Mike gave an update on Lake Durango as our board representative, and explained that an updated rate study was proposed to be pushed back to 2021 due to La Plata West Water Authority coming on line. La Plata West is anticipating adding up to 500 taps to the system. Janet asked for more clarification with numbers of taps and anticipated dates that would be realistic. Are these presently built units or does the number come from projected growth? Mike will obtain more information at the next meeting and will report to the board.

Website

Residents provided comment on the website and said they were very pleased and that it looked good. Janet explained more information will be added but agreed we had a good start and a good amount of material has been posted. All of the realtor disclosures are on the website, which has been helpful to staff.

Next Meetings

Meetings were confirmed for November 20 and December 11.

Adjournment

The board unanimously adjourned at approximately 8:00pm.

M. Schneider
11-20-19

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes – November 20, 2019

Call to Order

Lisa Myers determined a quorum called the meeting to order at 6:32pm.

Present

Board: Lisa Myers, Melissa Schneider, Matt Nesbitt. Pete Merkel was excused absent.

Staff/Contractors: Janet Anderson, Kathy Phelps, Brian Davies

Residents/Visitors: There were no visitors present.

Minutes

Motion & second was made to approve meeting minutes of October 23, 2019, as presented, unanimously in favor.

Vandalism

Staff updated and discussed the vandalism and mischief activity that has been escalating to very frustrating levels. Brian was able to put together camera evidence, which led to confirmations and positive identifications. There are several witnesses as well. Staff was recently able to put together more facts of how many are involved and confirm identities. The board directed staff to proceed with pressing charges. Motion made and seconded, carried unanimously, to press charges with law enforcement and to follow up on the status at the next meeting.

Security Lights and Cameras

Relating to the conversation of vandalism, a motion then made and seconded, approved unanimously, to increase and update security cameras. Lisa mentioned it was very dark by the mailboxes and Janet agreed recent changes to the street lights have lowered light levels quite a bit. Switching to LED has made the light softer, but the mail house lost lumens and definitely needs to have good lighting installed. Janet explained we've been on the list with LPEA for new service for very a long time, and she'd already directed Brian to hire a master electrician a few months ago to complete the project. Apparently, we need to install the trenching & conduit and service lines and then have a master tag the project and LPEA will set the meter. The first few steps have been completed. Brian's not been sure what exactly to do and Janet met with him to discuss details. We will need a structure to house a breaker box. The board authorized completing the project and suggested Phillips Electric. Janet said Puckett or Phillips would be fine as they both do commercial work and have been in business a long time.

The District will take extra measures & precautions to keep anyone from being electrocuted since it will be very close to the kids' bus waiting area, despite the fact that injury could really only happen during the process of committing a crime. Electrical services are set up to be safe when installed in outdoor public places, but if someone decides to mess with meters and breaker boxes and wires with bolt cutters and whatever they use to break into locked service boxes, there is probably a limit what we can do to protect someone who is intent on tampering.

Janet was asked to order a solar light to have something there until electricity and fixtures are completed. Janet's concern is tampering because commercial solar street lighting is quite expensive just to have it broken. The permanent fixtures will be designed for commercial use and at least tamper resistant. The board suggested ordering something inexpensive because it is quite dark. Janet will get that done & Brian will install on a pole tall enough to make the light difficult to break. If needed, we can make some sort of a wire cage to surround it as well.

New Truck, Plow, and F550:

Staff updated the board on the plow truck that has been in the budget for the past 3 years or so. Brian finally found what he feels is suitable and within our budget. Janet and Brian agreed on a plow recently and it was ordered earlier in November. Unfortunately, the plow needed to be shipped, but most dealers don't keep a full stock of various plow models. Brian was able to save about \$2500 having the plow purchased and installed in Denver where the truck is waiting to be picked up. He will fly out of Cortez as soon as the plow is installed, and hopes to be able to get back with the new equipment before Dec 1. Staff explained the plow design and we hope it will work very well for our specific purposes. The board suggested the plow should ride in the bed given the speeds and miles from Denver. Brian agreed and already planned to have the dealer train him on the quick drop & install process anyway. The unit can be handled by one person and has a very slick design to drop the plow to trade out types of attachments.

Old Truck: The F550 has been diagnosed with a bad valve. The mechanic has recommended up to \$13K to completely fix the truck, or about \$3,000 to do the minimum and take our chances the engine won't blow. Matt works with transportation services and is familiar with equipment repairs and the high costs of keeping things running. He suggested a 2nd opinion from a mechanic he has worked with prior. The board motioned, seconded, and unanimously agreed to authorize Brian to get a second opinion prior to making a final decision. The strong preference is to keep it as a backup and as a good strong truck to haul with and use the dump bed, which is very useful for repairs, fire mitigation, hauling materials like sand & gravel, equipment, etc.

Personnel: Personnel changes were brought up by Brian. Hugo is no longer working for the District and Janet reported we have secured either Greg Simpson, or his prior company, San Juan Stormriders, to serve as Brian's back up and supplemental plow person. Janet reported how Greg is paid will depend on his existing insurance since he has partially retired. If he is not plowing commercially for other clients, it makes more sense to pay Greg under payroll and to have him

use our equipment and to rent his larger loader for the season. The District will add Greg as an operator with equipment to insurance since he will only be plowing for Dw1. Janet reported if we have higher than average snow accumulations, one person cannot handle all the plowing. If we have an average or below year, and if we don't receive any single storms much over 12", then one person may be able to do the job provided our equipment remains in operating order.

Brian wanted to discuss his compensation and stated he felt the job was too much responsibility for the salary he's currently receiving. There was some additional discussion and Janet recommended the board consider discussing the situation with Brian in an executive session. Melissa asked about a formal review process and Janet agreed to prepare Brian's job description for further review by the board. A new position has been created as Assistant Manager for Brian, as the board has been discussing hiring a person much higher qualified than a more labor oriented position. The board agreed to hold an executive session first on the agenda on December 11. Per personnel statutes, Brian will be offered the option of holding his review and compensation in an open session.

Budget: The board discussed budget shortfalls, and did not make substantive changes to the 2020 budget except in water revenues. In October, Janet presented some data on rate tiers and how many customers regularly use over 4,000 gallons each month. She has suggested considering lowering the minimum water tier or raising rates as the water fund has been losing money steadily since Lake Durango rates keep rising steadily. Because Lake Durango had not held their meeting yet, we do not know what increase they will adopt. The board agreed the District should raise fees by at least a few dollars and decided to hold this discussion for a vote when Pete is present. Janet will post the appropriate announcement that a rate increase is being considered and suggested nothing should be implemented until January or February 2020 to allow the board and residents time to formalize the best way they want to begin covering the shortfall in the water fund. Janet may recommend snow plowing fees be looked at given they have not raised at all in over 15 years. In fact, all the raises she can remember have been in water and sewer funds. Janet will look into history & see when and what fees have done over the past 20 years.

Resolutions: Emergency Water Use from Well #7 and Well#9: Several months ago, the Board discussed well # 7 and #9 because they have not been used for many years, and they have shown up on the abandoned wells list. Janet explained the wells have been earmarked for emergencies for many years with the health department. Should Lake Durango pumps fail, it would be very difficult to maintain fire protection for any amount of time. The Emergency Response Plan is part of the District's Sanitary Survey requirements. Many of the steps in the Emergency Response Plan were incorporated into the District's Emergency Water Demand Management Plan, which was presented to the board as Resolution # 08-2019. The board agreed it was a good policy to officially designate the wells as a critical component of having an Emergency Water Demand Plan that can be incorporated with the Emergency Response Plan. The Board unanimously agreed unanimously after it was motioned and seconded for the Board of Directors to formally

adopt Resolution #08-2019 as written & presented, labeled “Emergency Water Demand Management Plan.”

Line of Credit Alpine Bank: The Board discussed renewing the District’s line of credit and a draft resolution. Janet stated the proposed budget for 2020 includes access to a LOC for building. The District originally opened a line of credit to allow for development/building on lots it has purchased since 2011. The District currently owns 2 lots planned for development in fall 2019. Personnel circumstances did not allow focus on development but the District does plant to build in 2020. Motion was made, seconded, and carried unanimously to approve and adopt as written and presented, Resolution # 09-2019 For Line of Credit.

The chair reiterated the LOC is a one-year period of time, it does not obligate the District to long term debt, and it was opened to cover construction/development costs at such times the District is able to build. Motion was made and seconded to authorize the District Manager to sign loan documents to close on the line of credit with Alpine Bank, motion carried unanimously. Janet confirmed the line was not used in 2019 and nothing is owed at present.

Disbursements: Janet reported most expenses were standard this month except for the annual sewer cleaning payment for \$3,030.70 to Southwest Systems. A reward of \$100.00 was also paid as advertised a few months ago for information helping the District to confirm and learn more information about vandalism crimes that have been being committed to property.

Miscellaneous & WWTP: Janet reported a few items on the wastewater treatment plant she and Melissa have been talking about since the last joint WWTP Fund meeting with Dw2. Melissa spoke with Chris Kramer and learned the blowers have not been working as they should be. Melissa will contact Dw2 committee to work on resolving.

Janet reported it was time to hear from Chris Kramer in December or January since the board has not met with him as a group in the past few months.

Janet reported we would need to get an update on Lake Durango and confirm Lake Durango rates in their budget.

The next meeting was set for December 11, with an earlier start time to accommodate a personnel performance review with Brian in executive session.

Adjournment: Motion to adjourn was made, seconded and carried unanimously to adjourn at approximately 8:30pm.

DURANGO WEST METROPOLITAN DISTRICT No. 1
BOARD OF DIRECTORS
Meeting Minutes – December 11, 2019

Call to Order

Lisa Myers called the meeting to order at 6:00pm.

Present

Board: Lisa Myers, Melissa Schneider, Pete Merkel, Matt Nesbitt, Bruce Longwell (via phone)
Bruce Longwell has been on board approved leave and participated by phone. Welcome back!
Staff/Contractors: Janet Anderson, Kathy Phelps, Brian Davies, Mike Roussin

Residents/Visitors

Prospective purchasers of 29 Hidden Lane visited with the board along with a local architect to consider moving an older remodeled small floor print home from the edge of downtown Durango. It is a site-built home they would like to occupy part-time. The prospective buyers live in Farmington and work in Durango at times and would like a home in the Durango area. Aesthetics and practicality of how the home would be placed on the lot were discussed with concerns about yard space for future fencing and resale. The main question was if the District would allow an older home to be moved onto the lot. The architect assured the board it would be a site-built home as far as tax assessment and future lenders. No decisions were made. The buyers will look at costs to decide if the project can work for them.

Minutes

Motion & second was carried to approve meeting minutes of November 20 as presented.

LDWA – rates and water quality

Mike reported LDWA had finalized their budget and after some disagreements on raising rates he was successful on getting the board to approve reducing the rate increase charged to wholesale customers (Dw1, Dw2, La Plata Vista Estates are the 3 wholesale customer groups). The majority of new expenses at LDWA have been incurred for retail customer maintenance. They have had substantial infrastructure repairs and have been having difficulty with disinfection byproducts as noted in earlier reports due to the length and size of their distribution system. Mike confirmed the acquisition purchase debt is on schedule to pay off completely in 2021 and a new rate study will be performed to determine cost of service for customer classes. Dw1 maintains costs to service our subdivision have not risen to levels justifying rate increases we have been paying and that more costs should be allocated to the retail portion of the system. Although many improvements have been made to the LDWA treatment plant, dam, tanks, and infrastructure, Dw1 is concerned that chlorine levels have been increased at the Lake and this may affect our disinfection byproducts levels. Dw1 is also

very concerned about continued rate increases but Mike cannot get board support to perform a rate study until the acquisition debt is retired. Royalty fees will continue per the original purchase contract terms until 2029. Water is being used from Nighthorse as a supplemental supply. Mike confirmed water quantity levels are strong due to high snowfall in 2018/19.

Budget:

The board reviewed the final budget with minor modifications to the draft as previously agreed. Building on the two District owned lots was approved for capital improvements. Contingency amounts are included in the final budget. The District does not plan major equipment purchases in 2020 since new plowing equipment was purchased in 2019. Allowances for tennis courts repairs are included, but this project will need additional funding from other sources to be completed properly. Increases in payroll, contract help, and insurance costs have been included to handle staffing changes and increased health insurance costs.

Motion was made by Melissa, seconded by Pete, and unanimously approved: to adopt the final budget for 2020 as presented, to appropriate funds for the 2020 budget, and to authorize Janet to prepare a budget summary and to submit the 2020 adopted budget to the state.

Snow Plow/Truck/Equipment:

Brian reported he was back with the new truck and western wide out plow. Unfortunately, it's been a bad week for snow equipment since the new truck is currently at the Ford dealer for some sort of fuel system or vapor lock repair, and the V-plow recently had a key part bust off, making the plow inoperable. The v-plow appears the part was redesigned prior and is not likely to find a replacement, which will require a machinist & custom-made repair. The F350 is a certified used vehicle and the District was able to purchase a 4-year/48K bumper to bumper warranty for \$2,900. The warranty covers the truck to be used commercially and with snow plow and other attachments/trailers, etc., which was a primary reason for choosing this vehicle. The price of the truck with warranty was \$26,000. The new plow is approximately \$9,500. With tires, chains, extras, etc., the District has invested a total of approximately \$40,000 in equipment in 2019, primarily for snow plowing purposes, but since the black F550 has serious problems, the 350 will become our primary use multi-purpose truck. We will need to look at dump bed possibilities or trailers in the spring. The current report & plan is to get through snow season and the holidays & Brian will primarily be focused on snow duties for the next 5-6 weeks. Janet confirmed Greg has been secured as backup/supplemental plowing services, and Brian confirmed at this time the black 550 is still operable, although it has been diagnosed with a bad valve which will inevitably send this truck to its funeral. Matt suggested the District get a second opinion on the black truck with the board in full agreement as a good idea.

Brian updated the board on new equipment recently purchased and there was discussion on a few resident's complaints. To date, the District has not had any storms exceeding 4", but 2-3 residents have already made negative comments. The comments would indicate we'd had

large storms, closer to 12” accumulations with no plowing services. Exaggerations and complaints over snow are common. It is understandable people become frustrated when shovels have to come out, and winter driving within the neighborhood is more challenging. Receiving a few complaints is typical in all years, especially during early season storms. As in other years, there are also a few residents with unrealistic expectations, and residents who are not adequately prepared with an appropriate vehicle, winter tires, or have limited experience using winter driving techniques. The board confirmed for Brian it becomes difficult to get around once we reach accumulations over 6” rule. Plowing should be done for storms that will accumulate 4” or more. People in general do appreciate more plowing versus less, but they also do not want to pay a lot more in fees, so it is a balancing act. It will always be impossible to please every resident. Temperatures and forecasts need to be considered in order to determine the amount of snow plowing efforts we will need. Janet and the board agreed clarifying current policies is a good idea. Overall, the District has maintained good plowing services, and we will continue to work on improving what we are able to improve for early morning access and sanding where needed. The terrain, shade, parking issues, lot sizes, limited storage, and freeze/thaw cycles pose difficulties throughout the neighborhood.

Next Meetings

Janet said she needed to adopt an annual meeting plan and update the transparency agreement with the state. It was agreed the District would stick with 3rd Wednesdays in 2020, with modifications made for holiday months and budget adoption as needed.

Executive Session:

Brian asked to speak with the board about his job duties and compensation of his position in 2020. A new position was somewhat created during recent staff changes. Janet suggested the board enter executive session and dismiss Janet and Kathy after reminding the board they cannot make decisions until they are back in regular session. Motion and second was made by Melissa and Lisa, unanimously approved, to discuss reviewing Brian’s performance, his developing job description, and compensation packages in executive session. Janet & Kathy retreated to their offices. The board then convened back to regular session by appropriate motion.

Residence Issue

Law enforcement has been a regular presence to observe one rental unit and numerous complaints have been made about suspicious activity at this unit. Janet prepared a letter that needs editing, but has covered the extent of the problems that are continuing. Janet was authorized to edit the letter as needed and to deliver it with attachments of law enforcement public records as soon as possible. The District will request the lease be terminated and that the landlord secure tenants that will not pose a nuisance and danger to the neighborhood.

2018 Audit

The 2018 audit was scheduled to begin in November. Janet reported the auditor was running behind but felt it would be in process soon. She will make contact with the auditing firm to confirm when we can expect the audit to be completed. The District has struggled with getting audits completed since our prior auditor retired from auditing after losing a key staff member a few years ago. Bids were obtained but alternative auditors were extremely expensive. Ronny Farmer was secured last year and has done a great job in catching us up. The District will be current on audits as soon as 2018 is completed. Janet reported she had been working on keeping 2019 in good shape and that she felt Mike would be able to provide 2019 package within a couple of weeks following the 2018 final adjusted numbers. The District has made good progress with the audits and is very close to being completely current. Ronny has agreed to continue auditing services, which we are very grateful for because he is efficient and has saved the District substantially on auditing costs compared to other alternatives. Janet reported she felt auditing costs would reduce as things are much more efficient now that full transition has been made to the accounting software. Janet's next project will be to implement accounts receivable to a system where customers can view and pay bills online. Once 2018 is submitted to the state, and after the 2019 audit prep packet is completed, Janet will focus her efforts on moving the billing program to QB with supplemental applications while Mike continues to handle reconciliations and double-checking entries made by Janet and Kathy.

Adjournment

The board unanimously adjourned at approximately 8:45pm.

A handwritten signature in black ink, appearing to read "P. Mark". The signature is written in a cursive, flowing style.