

## San Juan River Village Metropolitan District Regular Monthly Meeting Minutes

March 6, 2014

The meeting was called to order at 6:37 pm by President, Jamie Scholl. The directors present were Carrie Wienckowski, Dennis Jeffrey and Linda Gundelach. Bill Wittwer attended via phone. Tim McRee, Operations, was also present. Property owners, Gordon Graves, Cathy Graves, Doug Hampton, Lesley Burroughs, Brian Sinnott, Dick Ray, Gordon Kahn, Patricia Kahn, Rus Weathers, Bonnie Weathers, Megan Reinhardt and Jeff Hester were present. Property owner, Julene Campbell, attended via phone. Michael Branch, CPA, and Doug Purcell were also present. Cynthia Purcell, District Manager, took minutes.

Michael Branch, CPA, presented his audit report of the financial statements of the district for the year ended December 31, 2013. Michael expressed that the financial condition of the District is excellent. Cash reserves are up \$370,000 from 2014 and net assets increased by \$250,000. The District's debt decreased by \$118,908. Michael explained that cash reserves in a governmental entity should be three months of operating expenses plus enough to cover any larger year end payables. He addressed the possibility of paying down debt and advised that the board wait until the report from Briliam Engineering is received to see what improvements to the wastewater system will cost. Then the District could consider early debt payment, if feasible. He suggested two possible sources of funding, DOLA and the Water Pollution Control Revolving Fund, if additional money for improvements are needed. The Briliam study should be available May 1<sup>st</sup>. Jamie asked Michael about the value slated for vacant land on the balance sheet and why it was so low. Michael stated that was the value put on the land at the time the Metro acquired it from Frank Griffiths.

The Finance Committee presented their recommendations to the board. They requested written confirmation that the Treasurer, Linda Gundelach, has proper bond coverage of not less than \$5,000. Cynthia will get Linda a copy of the bond. The second recommendation was to re-file the Appropriations Resolution to include "total available monies". The money in the sewer reserve account, and how it is presented in the budget, was discussed. Michael Branch stated he could work with Cynthia to properly account for these funds within the governmental accounting framework. This led to a discussion about the "philosophy" of developing a budget. The Finance Committee advocated for using a "strict cost" line item budget with an added contingency line item for special circumstance spending. The Committee suggested adding an overall 8% contingency line item (3% required by Tabor + 5% extra). The District has historically prepared their budget by "buffering" each line item to cover anticipated and unexpected expenses. Michael explained that in governmental accounting, they look at the cumulative total of all expenses and not line item by line item. Michael stated that the budget could be prepared either way. The next recommendation from the committee was to resubmit the 2014 budget to include a debt reduction line item. Michael explained that it was not necessary to resubmit a new budget, but that a supplemental budget could be prepared all the way up until December 31<sup>st</sup> of this year to address debt reduction, even if the debt were to be paid off earlier in the year. The Finance Committee had specific recommendations about adjusting the amount of money budgeted for different line items within the current budget. Dennis stated the board had already put a lot of work into analyzing each line item within the budget and planning for 2014 during the budgeting process last fall. He felt the Finance Committee needed more background information about how the board arrived at the budgeted amounts. He suggested that the Committee and board work together to "merge" the two philosophies of budgeting over this year and collaboratively develop a new "philosophy" and budget plan for 2015. Bill concurred with Dennis. Jamie expressed appreciation for all the work the Finance Committee has done thus far and asked them to continue holding work sessions. It was agreed that the Finance Committee would work on: formatting of the financials/budget (presentation of information); paying down debt; contingency; and fiscal issues (insurance, policies/procedures). The Finance Committee will seek input from Cynthia and Tim, as needed, on background information of the current budget and projected expenses.

Dennis moved to approve the minutes for February 13, 2014. Carrie seconded and the motion carried.

**Water Department Report:**

The customer water usage report was reviewed for February – 342,400.

Cynthia presented the utility easement abandonment request for Unit 1 Lot 34GX. Tim reported that he and Dennis did a site visit and no Metro utilities are present within this easement. Dennis moved to authorize Cynthia to sign (and have notarized) the Quitclaim deed over to David and Deborah O'Keefe. Carrie seconded and the motion carried.

Dennis reported that he will be calling for a vote at the meeting next month to reduce tap fees back to the 2009 rates. He would like to give homeowners that have paid the higher rates a refund of the difference.

**Sewer Department Report:**

Tim reported that Briliam Engineering will be on site next week to look at the sewer line placement on Unit 2 Lot 94 to determine if the line can be moved to within the District's easement.

**Road Department Report:**

There has been a request for speed bump replacement on Swiss Village Drive. Dennis reported that the speed bumps get knocked down due to snowplowing of the roads during the winter. The speed bumps will be built back up later in the spring once the weather is conducive

**Parks & Recreation Department Report:**

Tabled until public input can be sought at the June and July meetings.

**Administrative Report:**

Twenty two delinquencies totaling \$13,264.11 were noted. Cynthia presented an offer from High Country Title for \$1,500 to settle the delinquent account at 52 Harman Ave. The County Treasurer has agreed to drop their fee of 30% if the offer is accepted. Dennis moved to accept the offer of \$1,500 made in 3 installments, over 6 months, to settle the delinquent account. Carrie seconded and the motion carried.

Cynthia reported that Dirk Nelson, attorney, has taken a new position with the City of Durango as their attorney. He will be available through the end of this month. Dirk suggested another attorney in Durango, Frank (and his son Nick) Anesi. Brian Sinnott suggested contacting an attorney out of Telluride that JR Ford uses. Jamie will contact this attorney.

The District is in compliance. Cynthia reported on the upcoming election. A new law was enacted on Feb. 18, 2014 that changes the way special districts conduct elections. The election process has been time consuming and Cynthia has put in a substantial amount of extra hours. A lot drawing was held to determine the placement of names on the ballot. Megan Reinhardt drew the names out of a cup and the order was determined as follows: Dennis Jeffrey, Linda Gundelach, Michelle Visel, Robert K. Soniat du Fossat, and Carrie Wienckowski. These results will be certified to the state tomorrow. A mail ballot plan has been developed and is on file for review. The ballots will be mailed out on March 21, 2014 and the election will be held on May 6, 2014. The polling place and ballot box will be at Wilson, Rea, Beckel & Assoc.

**Old Business:**

Cynthia presented the work order to complete the bridge deck resealing. The cost is \$31,170.98. The District will only be responsible for 20% of this cost. The remaining 80% will be covered under the CDOT

grant. Dennis moved to approve the work order for resealing the deck. Linda seconded and the motion carried.

**New Business:**

Bill reported that there were no new well permit applications.

**Other Business:**

Cynthia presented the revised accounting engagement letter from Wilson, Rea, Beckel & Assoc. for 2014 for signature. Cynthia added a clause to state "if policies and procedures are implemented by the District that significantly reduce the amount of time necessary to provide bookkeeping services and report compilation, we will discuss it and arrive at a new fee estimate for services rendered." Carrie moved to approve and sign the engagement letter from Wilson, Rea, Beckel & Assoc. for accounting services for 2014. Linda seconded and the motion carried.

Jamie reported on the common area ownership. He met with Steven Wood at Fidelity National Title Company in Denver on Tuesday afternoon. Fidelity took over the Lawyers Title of Pueblo accounts. Jamie explained the issue of the common areas and easements that are still titled under Lawyers Title. Steven didn't think there would be a problem doing a quitclaim deed to transfer those areas over the SJRV. He will need to run it by their legal department and get back to Jamie.

Jeff Hester reported on the POA meeting. They discussed the possibility of the Metro District acquiring ownership of the common areas and easements. Their attorney advised that if the Metro owned the property, restrictive covenants should be placed on the property once deeded, to enable the POA to influence what happens on that land. The POA has been discussing the commercial marijuana growing operations within the neighborhood. It will be a topic of discussion next month, with a report from one of the homeowners that is currently operating a marijuana growing business.

There being no other business, Dennis moved to adjourn the meeting at 9:04 pm. Carrie seconded and the motion carried.

Respectfully submitted,

Cynthia Purcell  
District Manager