

RECORD OF PROCEEDINGS

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF DIRECTORS

OF THE ARABIAN ACRES METROPOLITAN DISTRICT

Held: Wednesday, March 4, 2009 at 7:00 p.m. at 4455 Fountain Avenue, Cascade, CO.

- Attendance The special meeting of the Board of Directors of the Arabian Acres Metropolitan District was called and held in accordance with the statutes of the State of Colorado. The following Directors were in attendance:
- Bob Carnein
 Sandy Zuniga
 Charles Hallam
 Marty Cook
 Dave Biondo
- Also present: Terry Malcom, District Administrator; Joan M Fritsche, Foster Graham Milstein Miller & Calisher LLP; and James Woolsey, Williams and Kopenhafer, PC.
- Call to Order Director Carnein noted that a quorum was present and called the special meeting of the Board of Directors of the Arabian Acres Metropolitan District to order.
- Disclosure Matters Director Carnein asked the Board to confirm that no changes have occurred to any of the Directors' interests that warrant amending the written disclosures on file with the Secretary of State's Office with regard to any potential conflicts of interest. Pursuant to Colorado law, certain disclosures may be required prior to taking official action at the meeting. The Board reviewed the agenda for the meeting, following which each Board member disclosed their conflicts of interest, stating the fact and summary nature of any matters, as required under Colorado law, to permit official action to be taken at the meeting. No conflict of interest was noted.
- Public Comment No Public attended.
- Service Plan
Amendment to
Increase the
District's Mill Levy
Cap The purpose of the special meeting was to provide the Board with enough time to discuss the District's financial projections and debt service obligations with its consultants in a study session format in order for the Board to determine a proposed course of action for securing a sufficient and reliable revenue stream to meet the District's debt service obligations, capital improvements program and ongoing operations.
- Ms. Fritsche informed the Board that the District's Bond Counsel has opined that no TABOR election is required for the District to increase its mill levy or fees and charges. Ms. Fritsche reminded the Board that the

District's Water Revenue Refunding Bonds, Series 2007 require the District to raise its service and usage rates to a level sufficient to meet debt service requirements if tap fees and property tax revenue are insufficient.

Mr. Woolsey presented the Board with three cash flow projections using differing assumptions concerning operating costs, tap fee revenue, assessed valuation, etc. The Board discussed historic trends, use of the bond reserve fund, over estimation of tap fee revenue, revenue projections and anticipated capital costs and related issues. The Board discussed options for increasing revenue, including a mill levy increase and increases in rates and fees with its consultants. Upon motion duly made and seconded and unanimous approval, the Board determined to seek a Service Plan amendment through Teller County for the purpose of increasing its current mill levy cap from 12 mills to approximately 25 mills in order to provide the District with an adequate and reliable revenue stream to meet its debt service obligations and free up operating and tap fee revenue to adequately fund capital improvements and ongoing operations.

Service Line Repair Upon discussion, motion duly made and seconded and unanimous approval, the Board determined not to charge the property owner for the service line break which occurred behind the District's lock box at _____ . [Terry insert address.]

Adjournment There being no further business to come before the Board and upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

Next Meeting: Wednesday, March 18, 2009

Secretary for the Meeting