

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

JUNE 21, 2018

The regular meeting of the Board of Directors of the Cherry Creek Valley Water and Sanitation District was held at the District Offices, 2325 S. Wabash Street, Arapahoe County, Colorado, at 7:00 p.m. on June 21, 2018.

PRESENT

Paul Hanley – Chairman
Mark Lampert – Vice Chairman
Frederick Norman - Director
Bradley Rastall – Director

OTHERS PRESENT

John Warford – Manager
Lisa Glenn – Office Manager/Accountant
Darryl Farrington – Semple, Farrington & Everall, P.C.
Eric Hein – Merrick and Company
Kelli Kreycik – Billing Specialist
Nick Warnick – Haynie & Co.

ABSENT

William MacPhee – Secretary/Treasurer

Chairman Hanley called the meeting to order at 7:04 p.m.

Mr. Warford added a discussion for Morgan Stanley investments to the agenda and omitted the election of officers from the agenda due to the absence of Secretary/Treasurer MacPhee. The Board unanimously approved the amended agenda.

Director Lampert arrived at 7:05 p.m.

Mr. Warnick of Haynie & Co. CPA's presented highlights of the 2017 audited financial statements draft. An unmodified opinion was issued on the financial statements, which is the highest level of opinion. There were no disagreements with management, no significant findings and no internal control issues. Total assets increased slightly as well as capital assets and net position and a strong balance sheet overall. The 2017 operating loss for water was more than in 2016 and the operating income for sewer was more than 2016. The total income for 2017 was lower than

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2016. The auditors added a couple of items in the notes based on comments from the Board last year. He went over a few items on the statement of cash flows and budget to actual. Vice Chairman Lampert stated that in note 9 to the financial statements, there should be a distinction between the Cherry Creek Country Club, which is the common name the golf course uses, and the legal name of the ownership entity, which is still Los Verdes III, L.L.C. Mr. Warnick agreed to make the requested change. The Board thanked Mr. Warnick for his report and he left the meeting at 7:19 pm.

The Board unanimously approved the consent agenda approving the May 17, 2018 minutes, the May 2018 financial report, and May 2018 payment of bills.

Chairman Hanley opened the meeting for public comment at 7:20 p.m. There were no members of the public present; therefore, the public comment period was closed at 7:20 p.m.

Mr. Hein presented his engineering report:

- Developer Project Updates – The Eloise May Library Addition is complete, Sierra Vista Apartments Fireline is near completion. Sewer mains are currently being installed at Dayton Street Townhomes and Falling Water. Easements and title commitment has come in for Mr. Hein's review for Highline Creek Estates (Iliff Ave Single Family Homes) for inclusion on plan submittal to Denver Water. The developer has hired new engineers for Iliff Avenue Townhomes. Director Lampert mentioned the District using the same contractor as the Alpert's for changing the overhead lines at the old District office to underground lines.
- High Line Canal Underpass project at Parker and Mississippi – The City and County of Denver and CDOT are installing a pedestrian underpass with improved lighting to make the area more secure. Denver Water's 24" conduit and 12" water line will be lowered. The District's 6" main connecting to Denver Water's 12" main will be affected and is the only feed into the Hughes Mountain Subdivision. The Galilee Baptist Church is open to granting easements to the District for another loop into that neighborhood from S. Quebec Wy. The underpass project will be done in phases and the District's 6" main will likely be done on a weekend closure. Mr. Hein estimated the cost of the new loop at about \$70K with engineering at \$10K-\$15K. Mr. Warford will continue to request funds from the City and County of Denver to offset the cost of the new loop since the dead-end in this neighborhood was created by the City and County of Denver annexation in the 1980's. The new loop would provide back-up service for that neighborhood in the

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event of a main break on the 6" line coming in from Parker Road. The Board unanimously approved \$100K for the new water main loop to S. Quebec Wy.

- Iliff/Quebec check valve replacement – C&L Water Solutions must be consulted about how the check valves are going to be installed in the current vault, how the physical components fit together, and the timing of water shut down coordination with Denver Water. Mr. Hein said that with the County Iliff widening project coming up, it may make more sense to replace the vaults with something that is more suitable with what the District needs. Possibly a vault in a better spot that is more accessible for maintenance and reducing the size of the line. Mr. Hein could run a model to determine what line size would be needed. Mr. Warford said demand on the lower zone is much less than it used to be. The 36" water main coming in from Denver could supply water in some areas of the low zone if needed. If there was ever a problem with the 36" main, the pumps would need to remain operational. Mr. Lampert said a construction phase schedule would be helpful. He also said erring on the side of a larger line would be practical. Mr. Warford thinks a 16" line would be more than adequate, even for future development.

Next on the agenda was the Manager's report from Mr. Warford:

- Slow the Flow Water Conservation Program - Mr. Lampert had his sprinkler consultation from Resource Central done today. Resource Central may send too many follow-up emails, but the meeting was excellent. The tech came out and interviewed Mr. Lampert, asking questions about the interior, such as how many people reside in the house. He looked at the controller and tested all the zones and made recommendations. He set out cans to measure the amount of water delivered in 5 minutes. Everything is recorded on an iPad. Mr. Lampert learned about the cycle soak method, which is watering the same zone for a few shorter periods that one long period so the soil absorbs more water. The tech also tested the pressure on each zone. There is an adjustment on the zone valve that is like a slotted screw that you can use to adjust the water pressure. The tech asked Mr. Lampert's permission to monitor his water for the next year by checking his account to see what effect the suggested changes are having on his usage. Mr. Lampert was very impressed with the entire procedure. Mr. Warford said he has talked to 3 people who also gave very positive comments about the Slow-the-Flow process.

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- Sinkhole in Iliff – Arapahoe County informed the District about a large sinkhole in Iliff likely due to a water main break that occurred in December 2016. Mr. Warford explained he felt it could be due to the Highline Canal crossing construction but is probably from the break in the District's line in 2016. The cavity was filled within a couple of hours after notification from the County.
- Tiered Rate Information - District staff prepared a table showing customer average monthly water use for 2017 for each class of customer - residential, multi-family, commercial, and irrigation only. Tables and graphs were also provided that show nine master meter district rates, service charges, and tier levels as well as information on Denver Water and Aurora. The water providers shown all had different rates and tiers. Like the District, a couple of the master meter Districts still have just one rate for all usage. The Board was able to see possible natural breaks for tier levels on the 2017 customer monthly average usage. The Board asked District staff to provide two more years of monthly customer usage for their analysis of tiered rates for next Board meeting.

Chairman Hanley said the representative from Aurora previously said that most savings occurred in the multi-family accounts. Mr. Lampert said higher tiers could trigger customers to look for leaks. For the Slow the Flow program, Chairman Hanley said we should think about multi-family conservation a little more. Mrs. Glenn reported that as of June 13, sixteen large properties have requested audits but none of them have scheduled appointments. Ms. Kreycik had sent emails to many multi-family developments, but Resource Central has not followed up with phone calls yet. Chairman Hanley requested that the office make phone calls. The District is paying for this conservation program, but we are not getting much participation from the larger properties. The alternative is to move to tiered rates. The Potter's Church, Arapahoe County parks and any other large parcels in the District that should be contacted to participate in the program.

- Morgan Stanley - Morgan Stanley is withdrawing from representing governmental entities with investments under half a billion dollars. The District will need a new broker or custodian by the end of the year. Greg Kennedy will be available for assistance. The Board discussed moving some of the investments from Morgan Stanley over to Bernstein, transferring the money market portion to Colo Trust, and possibly using a different portfolio management firm for the rest of the District's investments at Morgan

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Stanley. The Board directed District staff to get recommendations from Greg Kennedy in written form and invite Jonathan Fung from Bernstein to the next Board meeting.

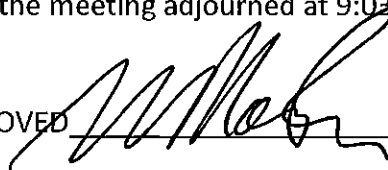
Grease Traps - Chairman Hanley asked if there was any decision that had to be made right now about the grease traps. Mr. Warford and Mr. Farrington stated there is no need for a decision right now and thus no need for an executive session on the matter. Mr. Warford informed the Board that a business owner who doesn't want to install a grease trap will be coming to the next board meeting with his attorney.

Retirement Plan - Mrs. Glenn asked for the Board's opinion on hiring Davis Graham and Stubbs at \$20,000-\$25,000, or Sherman and Howard at about \$6,000 for the District's SEP Plan. It was suggested again that the District hire Steve Rickles of Spencer Fane. Mr. Farrington said there is no conflict of interest if Chairman Hanley abstains from the vote and any discussion. The Board voted in favor of hiring Steve Rickles with Chairman Hanley abstaining from the vote.

The Board unanimously excused Secretary/Treasurer MacPhee's absence and unanimously appointed Director Norman as temporary Secretary/Treasurer to sign the minutes approved at the beginning of the meeting.

There being no other business to discuss, the Board unanimously voted to adjourn. Chairman Hanley declared the meeting adjourned at 9:03 pm.

READ AND APPROVED



DATED

7-19-18