

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

JULY 19, 2016

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 July 19, 2016.

PRESENT

Paul Hanley – Chairman
Mark Lampert – Vice Chairman
William MacPhee – Secretary/Treasurer
Bradley Rastall - Director

OTHERS PRESENT

John Warford – Manager
Lisa Glenn – Accountant
Darryl Farrington – Semple, Farrington & Everall, P.C.
Ron Dvorak – Merrick & Company
Eric Hein – Merrick & Company
Carmine Iadarola – AquaSan Network
Nick Warnick – Haynie & Co.

ABSENT

Frederick Norman – Director

Mr. Hanley, Chairman of the Board, called the meeting to order at 7:04 p.m.

The first item on the agenda was approval of the agenda. Mr. Hanley added the conveyance and acceptance of KB Homes Parkside Villas II water and sewer lines after the Consent Agenda. The Board unanimously approved the agenda as revised.

Next, Mr. Warnick from Haynie & Co. presented the draft copy of the 2015 Audited Financial Statements. Haynie & Co. issued a standard opinion on the financial statements, which is a clean opinion and the highest level of opinion. There were no audit adjustments. The Net Position of the District increased \$949,047 for 2015 mainly due to investment income and tap fees collected. Mr. Warnick discussed highlights of the report and answered the Board's questions. The Board unanimously approved the 2015 draft of the Audited Financial Statements. The Board thanked Mr. Warnick and he left the meeting at 7:15 p.m. Director Rastall arrived at 7:09 p.m. during Mr. Warnick's presentation.

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The Board unanimously approved the consent agenda, consisting of the minutes from June 21, 2016, the June Financial Report, and the June Payment of Bills.

The Board unanimously approved the absence of Director Norman.

Mr. Farrington arrived at 7:21 p.m.

KB Homes signed the conveyance of water and sewer lines to the District for the Parkside Villas II development. The Board and Manager signed the document and a copy will be sent back to KB Homes after they provide their costs for construction of those lines.

Mr. Hanley opened the meeting for public comment at 7:26 p.m. There were no members of the public present; therefore, the public comment period was closed at 7:26 p.m.

The Board discussed the Water Consultant Report from Mr. Iadarola, which included the following topics.

- Wabash Complex – Mr. Iadarola reported on the Contra Costa Canal which is a lined canal used for irrigation and municipal use in Walnut, CA and is similar to the High Line Canal. The call on the river this week was 3.5 million gallons and the country club must pump approximately 3.5 million gallons this week as well.
- Denver Water – The District purchased 798,366 K gallons from Denver Water in 2015, which is approximately \$3.2M. Distribution of water and wastewater technology are estimated to reach parity in the next 15 years predicated that technology will force water to be delivered to customers from alternate distributive sources. The final hurdles for the construction of Gross Reservoir appear to have been overcome and it is anticipated that the construction process will commence in the next few months.

Mr. Dvorak announced he will be cutting back to part time at the beginning of the year and the District will be dealing more with Mr. Hein. The Engineering Report from Mr. Dvorak and Mr. Hein included the following topics:

- Updates on the status of the 2016 Capital Improvement Projects – Florida Sewer, Dayton St. Waterline, High Line Canal Sewer, and the Creekside Waterline.
- Denver Water agreed to provide the license agreement necessary for the District to construct the sewer in the High Line Canal property for service to homes and any new development on S. Uinta Wy.
- Updates on the status of Developer Projects - Nara Hookah, Sky Mark Apartments, Valentia Court, Willowmiss, Highline Ridge, Iliff Avenue

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Townhomes, Falling Water and Parkside Villas II.

- The contractors that bid on the drainage project in January cannot start until fall, therefore the project is going out for bid again. Bids are due July 22nd.
- The non-potable water supply plan will be discussed later in the meeting.

The Board discussed the legal report from Mr. Farrington consisting of the following:

- Mr. Farrington prepared resolution 2016-7-19-1 and a letter to the Arapahoe County Sheriff's Office to prohibit camping on District owned property. The Board unanimously voted to approve aforesaid resolution and letter to be sent to the sheriff's office.
- Mr. Hanley provided the proposed design of the Iliff corridor from Arapahoe County for discussion of the District possibly converting to a Metro District. Mr. Farrington said that providing any services related to water and sanitation services would not require the District to convert to a Metro District. If the District provided services that were a "material departure" from our Statement of Purposes, conversion would be required and modification to the District's Statement of Purposes. The County is very interested in having the District maintain the landscaping on the raised median on Iliff between Quebec and Parker. Mr. Hanley will send an email to the County to obtain estimated maintenance costs for the Board's consideration.
- Mr. Farrington and Mr. Dvorak recommend leaving out wording regarding recycled, reuse, or grey water in the non-potable rules and regulations since the current plan is based on non-potable water only. The rules can be changed later if the other sources of water become a source in the District. Mr. Dvorak recommends omitting the safety practices exhibit and limiting the warning sign language to a simple notice that nonpotable water is being used. The non-potable water that will be used for irrigation is well water from the alluvium which is potable currently. Mr. Hanley noted that the current language allows the District to specify the signage, so no further language change is necessary. The Board voted unanimously in favor of approving the non-potable rules and regulations as written, but without the safety practices exhibit. Mr. Iadarola stated that it would be prudent to check the water quality to assure it meets "human contact" standards.

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

- There are no new developments regarding the Emergency Plan.
- Denver Water has a pilot program for issuing a system development charge credit for water efficiency on irrigation and commercial customers. Distributors are not required to participate. More information will be provided at next

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month's Board meeting for possible approval.

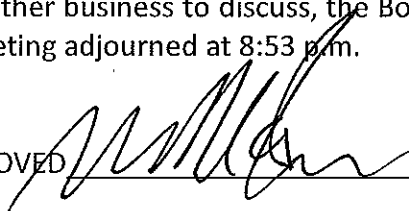
- The Technical Advisory Committee has presented a rate model modification to Denver Water at the last Distributor Forum for consideration on 2017 rates. Denver Water staff will look at the information and present it to their Board.

The following points were made during the discussion of the District's non-potable water supply plan.

- Mr. Hein reported on the meeting at Arapahoe County regarding the Location & Extent for the proposed reservoir. Arapahoe's County's suggestions were positive. SEMSWA's comments were that the floodplain was revised in 2013 and the District's land use within the floodplain is a problem. Mr. Hein explained that the bridge at Iliff is a constriction that causes water to back up behind it in a flood situation. The area that backs up on the District's property may be ineffective flow which may not convey water downstream. Merrick will get the modeling Urban Drainage used to look for any errors. Using Merrick's current topography and/or filling in the floodplain area may make it possible to push back the floodplain boundary without impacting the water surface elevation. Mr. Dvorak said the District should dispute the assertion that the sediment pond cannot be in the floodplain since the water and sediment in that pond will come from the stream.
- It was noted that the District's letter of intent on use of the High Line Canal should have been addressed to Denver Water and not the High Line Canal Conservancy. However, Mr. Farrington sent a copy of the letter of intent to legal counsel at Denver Water, who has indicated consideration of the proposal will likely occur within the next three to six months, along with other options for the canal that Denver Water is considering.

There being no other business to discuss, the Board unanimously voted to adjourn. Mr. Hanley declared the meeting adjourned at 8:53 p.m.

READ AND APPROVED



DATED

8-16-16