

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

JUNE 21, 2017

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, 2017.

PRESENT

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

OTHERS PRESENT

John Warford – Manager
Chuck Buchanan – Maintenance Supervisor
Lisa Glenn – Office Manager/Accountant
Darryl Farrington – Semple, Farrington & Everall, P.C.
Eric Hein – Merrick & Company
Christine McLeod – Haynie & Company CPAs

Mr. Hanley, Chairman of the Board, called the meeting to order at 7:03 p.m.

Mr. Hanley expressed on behalf of everyone their deepest condolences and sympathies for Mr. Norman's loss of his wife recently. She was a truly genuine, caring, and fun loving person and will be sorely missed by all.

The first item on the agenda was approval of the agenda. The Board unanimously voted to approve the agenda.

Mrs. McLeod from Haynie & Company CPAs provided an overview of the District's 2016 audited financial statements. Haynie will be issuing an unmodified opinion on the financial statements, which is a clean opinion. The records were in good shape, there were no audit adjustments, and there were no disagreements with management. The District's total assets are \$50,867,000 at the end of 2016. The District's loss from water operations are \$403,000, and there were \$573,000 in general and administrative expenses. On the plus side, there was income in the

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amount of \$547,000 from sewer operations, \$156,000 in investment earnings, and \$1,127,000 in capital contributions. This resulted in a positive change in net position of \$857,000 for 2016. Chairman Hanley would like to change a few reporting items on the financial statements for next year. First, under financial highlights in the management discussion and analysis, he would like to note that the investments are recorded at fair market value on the financial statements and thus unrealized losses are included in the investment figures and may not represent the actual gains or losses on the investments since the District normally holds the investments until maturity or sells them at a gain. Secondly, he would like to show cash in investments separate from other cash and cash equivalents on the statement of net position, if possible. Since the cash and cash equivalent figure increased by about \$2.8 million from 2015 to 2016, due to an increase in cash from investments, a disclosure should be made that the District also considers the money market funds as part of its investment portfolio, even though it has to be shown as "cash equivalents." Combining the cash in money market funds with cash in checking has the effect of subtracting those funds from the investment column and makes it appear as if the total investments decreased, when in fact they increased if you count the money market funds among the District's investments. Thirdly, in note 3 under investments, the District should adopt a formal investment policy and note that policy in this financial statement note on page 9. The Board unanimously voted to approve that a formal investment policy be adopted. The Board directed Mr. Farrington to prepare a formal investment policy draft for the Board's review next month. And lastly, a description of the District's investments should be included on page III in the first paragraph since they are such a large portion of the District's total assets and net position. Mrs. McLeod will discuss these items with partner Mr. Warnick and get back to the Board and make changes for next year's audit. The Board thanked Mrs. McLeod and she left the meeting at 7:27 pm.

The Board unanimously voted to approve the May 17, 2017 minutes, the May Financial Report, and the May Payment of Bills.

Chairman Hanley opened the meeting for public comment at 7:27 p.m. There were no members of the public present; therefore, the public comment period was closed at 7:27 p.m.

The Engineering Report from Mr. Hein included the following topics:

- Updates on the status of the 2016 Capital Improvement Projects – Florida Sewer cured in place pipe. The test results for the liner material are in. As soon as satisfactory results are conveyed, recommendation for payment will be made. The Dayton St. water line project will advertise on June 22 and 29, and the bid opening is Monday July 10 at 2:00 pm.
- Updates on the status of Developer Projects –Iloff Avenue Townhomes, Iliff

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Avenue Single Family Homes, Falling Water, and Denver Jewish Senior Living.

- Iliff and Yosemite Intersection – Denver Water inquired about eliminating some of the dead ends in this area when the Iliff Avenue Townhomes and Single Family Homes are built. Those projects will do little to help with eliminating dead ends.
- Coordinating with Hunter's Run and Skymark (now Highline Pointe) on fireline requirements.

Next on the agenda was the report on Customer Benefit Programs from Mr. Warford.

- 43 water conservation surveys were received back from 1,350 mailed out to customers. Mr. Warford noted that Denver Water has toilet, sprinkler nozzle and sprinkler controller rebate programs in which the District's residential customers may participate. The Board directed Mrs. Glenn to obtain Denver Water's flyers for these programs and mail them out to customers twice a year.
- Mr. Warford met with the City of Aurora and said the City would be happy to help the District with creating conservation programs. The Board requested that someone from the City attend a Board meeting to discuss how they created their conservation programs and provide guidance for the District.

The Iliff Corridor Improvement project was next on the agenda. Mr. Warford reported that this project will require many changes to the District's hydrants, valves, valve boxes and possibly water and sewer lines. The District will be primarily responsible for funding the cost of adjusting manholes and valves boxes and the County would be responsible for facility relocations if the County follows Administrative Procedure 87-5. Based on the landscape quote received, the Board unanimously voted to approve providing landscaping to the Iliff median between S. Parker Rd. and S. Quebec St. subject to the County accepting the changes Mr. Farrington made to the landscape median agreement and special conditions. The landscaping will provide a benefit to the whole community. Mr. Farrington will forward the changes he made to the landscape median agreement and special conditions to the County attorney for review.

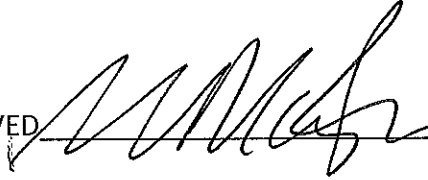
Mr. Warford provided a quote to the Board for the security cameras for the District's property. The quote was beyond what the Board would like to spend and scope of what was needed and decided to explore a less costly option.

There being no other business to discuss, the Board unanimously voted to adjourn. Chairman Hanley declared the meeting adjourned at 8:54 p.m.

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CONTINUED

READ AND APPROVED

A handwritten signature in black ink, appearing to be 'M. M. S.', written over a horizontal line.

DATED

7-18-12