**RECORD OF PROCEEDINGS**

**THE BOARD OF DIRECTORS**

**CHERRY HILLS NORTH METROPOLITAN DISTRICT**

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A meeting of the Board of Directors of Cherry Hills North Metropolitan District was held at the Cherry Hills Village Center, 2450 E Quincy Avenue Cherry Hills Village, CO 80113

 at the hour of 6:30 p.m. on the 29th day of July 2014.

Present were: Harold Roberts, President

Dan Conway, Vice President

 Geoff Landry, Treasurer

 Marcus McAskin, Secretary

 Keith Bierman, Director

President Roberts noted that a quorum of the Board was present and therefore called the meeting of the Board of Directors of the Cherry Hills North Metropolitan District to order.

Seven members of the public were in attendance.

The Board introduced themselves, and responded to a question about how many are residents (all, as that is a requirement to serve on the Board).

**Finance Discussion**

Director McAskin provided a summary:

District serves the 144 homes of the District only. Revenues have stayed the same over the last decade (slightly down), but expenditures up. Investment income down from around 6% down to nearly 0% (PDPA certified investments only). As a result, the District has been running a deficit of approximately $20K/yr for the last several years.

Directors serve without compensation, waiving the SDA $100/meeting reimbursement.

The ballot language last year was overly ambitious, aiming to solve for a 20 year outlook; this year we are aiming at closer to a 5 year solution. The current proposal is aiming at a 2mil increase, from 4.281 mills to 6.28. When compared with other mill levies (e.g. Fire, School which are more like 55mills, 20mills. This proposed increase would come to about $11/month

Major expenses are annual sewer jet cleaning, and “Metro Wastewater” which is the primary cost driver.

6-7 years ago we did a detailed study, resulting in approx. $120K relining two sections out of 1200? Inevitably we need to plan on doing more repairs over time.

Elections have historically cost $10K+, fortunately there is a new law which should reduce the cost of District Elections which are now able to be independent mail only elections.

Which sections? Very east side of the neighborhood. Two short sections of about 12,000 ft of pipe.

Yearly expenditures? Aprox $65K/year vs aprox $45K revenue per year.

Resident #1: What changed financially?

Director Conway: When Bob was functioning as our Treasurer, interest income was on the order of $40K/yr which was equal to or above our expenditures. Thus, for many years the property taxes largely went to increase our reserve. Unfortunately, the State adjusted the requirements on Special District finances which drove this revenue source to nearly zero.

Director Roberts: For many years, the annual videos were examined by (late) Director Capra. About seven years ago, we switched to using an external expert. This was also about the same time that problems started becoming apparent. The combination of capital costs being incurred and the loss of interest income along with steadily increasing waste treatment fees has caused our deficit.

In regard to the waste treatment fees, while water saving devices have reduced the flow, treatment costs are at least constant (and often rising due to increased EPA requirements, and perhaps the difficulty of treating more concentrated waste). We have no control over the waste treatment fees.

Also, the “outfall line” required major renovation, a cost which was taken care of by a escrow fund established near the founding of the neighborhood. Sadly, this renovation has exhausted the escrow fund, so any future work has to be borne by the District (22% of it, as it is shared by five neighborhoods, and the costs shared by IGA).

Resident #3 What is the worst case? The most likely cases would result in another tax increase request, or a special assessment. Very catastrophic cases would likely be dealt with by a loan from the State.

Resident #3 What if this election fails? Director Roberts: I can’t speak for the entire board, but if this fails I see no choice but to levy assessments as required restoring our reserves.

Public suggestion: explain the difference between taxes and assessments.

Ans: Taxes are collected as part of the property tax process by the County. These taxes are deductible from Federal tax. Taxes generally require voter approval. Assessments are billed “manually” typically by an outside agency, which results in higher costs to the District. Assessments are not tax deducible, resulting in higher effective costs to residents. Assessments are not voluntary; but do not require any voter approval.

Quick poll: Preferred communication: 1 vote for handouts 1 for emails. Discussion about evenly split,

Resident #1 “doesn’t sound like you are asking for enough”

Director Bierman: since we can’t earn any interest it seems economically undesirable to have the money parked in the District as opposed to being in residents pockets. Also, an overly large reserve invites increased expenses … perhaps storm drains (which have been raised as a potential liability which the District has not historically been involved with).

Director Roberts: I preferred the original variable rate.

Director Conway: we have taken a very conservative approach this time.

Resident 2: Emphasize the Board’s makeup as Residents of the District.

Resident #1: where are the negative people now? Where is the HOA Board on this issue?

Director McAskin: I have a good relationship with the HOA president. We will make sure the HOA Board is fully informed and hopefully will come out publically supporting the proposal.

Director McAskin : Director Bierman had been opposed last year, but as a result of his considerable research into the District history we recruited him for the Board and he is now supportive.

President Roberts: There was a lot of “baggage”. When I started on the Board, the District was doing all of the maintenance of the signs (ourselves). There was a lot of controversy and continuous criticism and a dozen or so years ago there was an agreement with the HOA that the District would continue to pay the electrical bills, but all future maintenance would be the responsibility of the HOA. The District gave the HOA about $15K for improvements at that time, which was spearheaded by Toni Roybal. Some years later, when the HOA was attempting to revise its covenants the District gave them money to ensure continued sign stewardship. This caused a great deal of mistrust and baggage.

Multiple residents’ comments: Good communication is key.

**Sign Discussion**

See the previous discussion for historical comments by President Roberts.

Director McAskin: When CHN was built, the signs weren’t marked on the platt maps. There is no legal basis for their existence. The HOA has asked the City to calendar a request for license for the right of way usage. We believe that is on the City agenda for August.

Resident #5: Signs were built as a gift from the Developer to “elevate” the area to demark it as distinct from Denver. Everybody at the time was thrilled.

Resident #6: the sign that was removed by a homeowner … was it located in the Right of Way? Director McAskin: No, it was entirely located on that homeowner’s property.

Resident #6: the homeowner had no right to take the sign down

Director Landry: the sign had been damaged

**ADJOURNMENT**

There being no further business to come before the Board, and upon motion duly made, second and unanimously carried, the meeting was adjourned at 7:32 p.m.

**NOTICE OF WAIVER AND MINUTES APPROVED:**

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**Harold Roberts**

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**Daniel Conway**

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**Geoff Landry**

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**Marcus McAskin**

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**Keith Bierman**