

**NOTICE OF MEETING  
OF THE BOARD OF DIRECTORS OF THE  
CHERRY HILLS NORTH METROPOLITAN DISTRICT**

October 6, 2014

Please take notice the special meeting of the Board of Directors of the Cherry Hills North Metropolitan District will be held at Duffey's Patio Café, located at 4994 E Hampden Avenue, Denver, Colorado on Thursday, October 9, 2014 at 7:30 a.m. Business to be conducted at the meeting will include:

	<u>Page</u>
1. Public Comment	
2. Approval of the Minutes of the meeting held on September 5, 2014	1
3. Approval of the Compilation Report dated September 30, 2014	4
4. Payment of Expenditures	8
5. Engineer's Report	9
6. Intergovernmental Agreement between City of Cherry Hills Village and Cherry Hills North Metro District	12
7. District Homeowner Education - District Finances	17
8. 2015 Proposed Budget	21
9. Old Business	
10. New Business	
11. Adjournment	

**Next scheduled meetings:**

**\*\*Wednesday, October 15, 2014, 7-8 p.m. Special Meeting to be held at The Village Center, 2450 E Quincy Ave (Council Chamber)**

**\*\*Thursday, November 13, 2014, 7:30 a.m., 2015 Budget Hearing and Regular Meeting at Duffey's Patio Cafe**

**RECORD OF PROCEEDINGS**  
**THE BOARD OF DIRECTORS**  
**CHERRY HILLS NORTH METROPOLITAN DISTRICT**

---

A special meeting of the Board of Directors of Cherry Hills North Metropolitan District was held at Duffey's Bakery Patio Cafe, 4994 E. Hampden Avenue, Denver, Colorado 80110 at the hour of 7:30 a.m. on the 5th day of September 2014.

Present were:            Dan Conway, Vice President  
                                 Marcus McAskin, Secretary  
                                 Geoff Landry, Treasurer  
                                 Keith Bierman, Director  
                                 Darcy Beard, CPA

Director Conway 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.

**APPROVAL OF MINUTES**

The minutes of the meeting held Thursday, August 14, 2014 were reviewed. Upon motion duly made, second and vote the minutes were approved.

**FINANCIAL REPORT**

Ms. Beard distributed the compilation report for the eight months ending August 31, 2014. After review, a motion was made by Director Conway to accept the compilation reports. The motion was seconded by Director McAskin and upon vote, unanimously passed.

**CASH DISBURSEMENTS**

Ms. Beard presented the Schedule of Cash Disbursements totaling \$1,443.47. After review, Director McAskin made a motion to approve the cash disbursements. The motion was seconded by Director Bierman and upon vote unanimously approved.

**ENGINEERS REPORT**

The Directors reviewed the Engineer's Report. Purrington Civil is not recommending any capital improvement projects for 2014. The videoing of the sewer lines revealed tree roots in the mains which could restrict flows if not removed. The Board directed Ms. Beard to direct Purrington Civil to arrange for the tree root removal from the mains at an estimated cost of \$880. The video also identified nine service lines with tree roots and one service line that is intruding into the sanitary main. Purrington Civil will provide the addresses of the homeowners with service line issues and draft a letter to explain the issues to the affected homeowners. After Director review, Ms. Beard will prepare and mail the homeowner letters.

**DISTRICT EDUCATION**

Director McAskin stated the Homeowner Association has voted unanimously to support the proposed mill levy increase. The Board discussed scheduling an additional special meeting in early October with the homeowners to provide additional information regarding the finances of the District.

**2014 ELECTION RESOLUTION**

The Directors reviewed the cash flow forecast prepared by Ms. Beard. After discussion regarding various mill levy options and the anticipated financial shortfalls, a motion was made by Director Bierman to approve the 2014 Election Resolution with a mill levy increase of 4 mills. The motion was seconded by Director Conway and upon vote unanimously approved.

**DISTRICT SERVICE PLAN**

Director McAskin reported Rick Kron will draft an IGA between the City of Cherry Hills Village and Cherry Hills North Metropolitan District outlining the functions of the District if an original District Service Plan cannot be located. The Directors will provide copies of the IGA for interested homeowners at the special meeting scheduled in early October. In addition, the IGA will be available for review on the District's website.

**2015 PROPOSED BUDGET**

Ms. Beard presented the 2015 Proposed Budget. The Directors set the 2015 Budget Hearing for November 13, 2014 at 7:30 a.m. at Duffey's Bakery Patio Cafe. Notice of the Budget Hearing will be published in The Villager Legals. A motion was made by Director Conway to appoint Ms. Beard as the Budget Officer. The motion was seconded by Director Bierman and upon vote, unanimously approved.

**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 8:20 a.m.

**MINUTES APPROVED:**

\_\_\_\_\_  
**Harold Roberts**

\_\_\_\_\_  
**Daniel Conway**

\_\_\_\_\_  
**Geoff Landry**

\_\_\_\_\_  
**Marcus McAskin**

---

**Keith Bierman**

**DARCY BEARD  
CERTIFIED PUBLIC ACCOUNTANT  
20363 E. TOP-T RANCH PLACE  
PARKER, COLORADO 80134  
Office 303-841-3474  
Fax 303-805-9188**

**Accountant's Compilation Report**

**Board of Directors  
Cherry Hills North Metropolitan District**

I have compiled the accompanying Treasurer's Report of Cherry Hills North Metropolitan District and the related Statement of Net Assets and Statement of Revenues and Expenditures for the nine months ended September 30, 2014. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any form of assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with the Statements for Accounting and Review Services issued by the American Institute for Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenue and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Cherry Hills North Metropolitan District.

**Darcy Beard  
Certified Public Accountant  
October 8, 2014**

**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
TREASURER'S REPORT**

January 1, 2014 through September 30, 2014

<u>REVENUES</u>	ACTUAL 2014	BUDGET 2014	BUDGET REMAINING
Property Taxes	\$ 41,660.82	\$ 42,297	\$ 636.18
Ownership Taxes	1,993.45	2,750	756.55
Investment Income	197.43	725	527.57
	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ 43,851.70</b>	<b>\$ 45,772</b>	<b>\$ 1,920.30</b>
<u>EXPENDITURES</u>			
Administrative Expense	\$ -	\$ -	\$ -
Audit Expense	500.00	750	250.00
Accounting/Management Expense	7,500.00	7,500	-
County Fees	625.63	634	8.37
Dues	309.20	350	40.80
Election Expense	2,279.63	5,000	2,720.37
Insurance & Directors Bonds	1,713.05	2,000	286.95
Legal Fees	-	2,500	2,500.00
Engineering Expense	7,105.00	5,000	(2,105.00)
Miscellaneous	324.61	300	(24.61)
Utilities	1,792.67	2,943	1,150.33
Jet Flush	5,316.80	6,707	1,390.20
Repairs & Maintenance	-	5,000	5,000.00
Sewer Service Charge	14,959.50	19,946	4,986.50
Website Expenses	153.24	-	(153.24)
Capital Improvements	-	25,000	25,000.00
Outfall Line Expense	880.40	1,186	305.60
<b>TOTAL EXPENDITURES</b>	<b>\$ 43,459.73</b>	<b>\$ 84,816</b>	<b>\$ 41,356.27</b>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

CHERRY HILLS NORTH METROPOLITAN DISTRICT  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2014

ASSETS

First Bank Checking	\$ (171.68)
First Bank Savings	267,469.11
ColoTrust	49,939.67
Outfall Line Reserve	975.00
Accrued Interest Receivable	-
Property Tax Receivable	636.18
Prepaid Insurance	-
Cash with County Treasurer	-
TOTAL ASSETS	<u>\$ 318,848.28</u>

LIABILITIES & NET ASSETS

Accounts Payable	\$ 4,095.99
Deferred Property Tax	<u>636.18</u>
Total Current Liabilities	\$ 4,732.17

NET ASSETS

Net Assets - Unrestricted	313,724.14
Change in Net Assets	<u>391.97</u>
Total Net Assets	<u>314,116.11</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 318,848.28</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

CHERRY HILLS NORTH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES & EXPENDITURES  
FOR NINE MONTHS ENDED SEPTEMBER 30, 2014

REVENUES

Property Taxes	\$ 41,660.82
Ownership Taxes	1,993.45
Investment Income	197.43
TOTAL REVENUES	<u>\$ 43,851.70</u>

EXPENDITURES

Administrative Expense	\$ -
Audit Expense	500.00
Accounting/ManagementExpense	7,500.00
Business Meetings	-
County Fees	625.63
Dues	309.20
Insurance & Directors Bonds	1,713.05
Legal Fees	-
Election Expense	2,279.63
Engineering	7,105.00
Miscellaneous	324.61
Utilities	1,792.67
Jet Flush	5,316.80
Repairs & Maintenance	-
Sewer Service Charge	14,959.50
Website Expenses	153.24
Capital Improvements	880.40
Outfall Committee	-
TOTAL EXPENDITURES	<u>\$ 43,459.73</u>
Change in Net Assets	\$ 391.97
Net Assets - Beginning of Year	<u>\$ 313,724.14</u>
Net Assets - End of Month	<u>\$ 314,116.11</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.



CHERRY HILLS NORTH METROPOLITAN DISTRICT  
 CASH DISBURSEMENTS  
 OCTOBER 9, 2014

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
CRS of Colorado	Election	2376	\$ 1,697.13
Darcy Beard CPA	Acctg/Mgmt	2377	800.00
	Office Supplies		11.47
Hillcrest Water & Sanitation	Sewer Treatment	2378	4,986.50
Hillcrest Water & Sanitation	Outfall Line	2379	31.78
Purrington Civil LLC	Engineering	2380	3,377.50
The Villager Legals	Election	2381	36.96
Xcel Energy	Utilities	2382	199.08
TOTAL CASH DISBURSEMENTS			<u>\$ 11,140.42</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

## Darcy Beard

---

**From:** Clarice O'Hanlon <clarice@purringtoncivil.com>  
**Sent:** Tuesday, September 16, 2014 11:07 AM  
**To:** darcybeardcpa@comcast.net  
**Subject:** CHNMD Root Letters  
**Attachments:** 14-004 Root Letter Template.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Darcy,

Attached is the draft of the root letters for the Cherry Hills North customers identified to have roots. Please review and let me know if you have any questions or comments. I would like to add the actual names of the customers. If that is something you already have and can add, that would be helpful. If not, I can look them up and get them to you.

Here is a list of the addressed that have roots. Those that have a "\*" were also sent letters in January 2013 per Kennedy/Jenks records.

4040 S. Dahlia St. \*  
3980 S. Dahlia St.  
3910 S. Dahlia St. \*  
4951 Sanford Cir. W.  
3940 Nassau Cir. W. \*  
3941 Nassau Cir. W.  
5091 Nassau Cir. W.  
5302 Nassau Cir. E. \*

The protruding tap appears to be from 4000 S. Dahlia. I will draft a letter to them as well and send for your review.

Clarice O'Hanlon, P.E.  
**Purrington Civil, LLC**  
*1153 Bergen Parkway, Ste I-148*  
*Evergreen, CO 80439*  
303.909.8448 / p  
303.957.2224 / f  
[www.purringtoncivil.com](http://www.purringtoncivil.com)

September 16, 2014

Cherry Hills North Metropolitan District Customer  
4040 South Dahlia Street  
Englewood, CO 80111

Dear Cherry Hills North Metropolitan District Customer,

The Cherry Hills North Metropolitan District (District) recently completed the annual sanitary sewer maintenance program. This program includes an annual video inspection of a portion of the District's sanitary sewer mains. During the video inspection, a camera is guided through the District's sanitary main to evaluate the internal condition of the pipe. The camera is able to stop at each service connection and view the internal condition of the connection between the service pipe and the District's main.

The video inspection conducted this year included the sanitary sewer main serving your house. Tree roots were found intruding from your sanitary sewer connection into the District's sanitary sewer main. Enclosed is a photograph of your service connection showing the root intrusion.

In order to reduce the risk of a backup, we suggest that your service pipe be cleaned by a qualified sanitary sewer service company or plumber. Be advised, the District is not responsible for repairs to your service pipe, including the connection to the main, or damages caused by service pipe blockages. It is our recommendation that the cleaning be performed on or before December 31, 2014. Please contact the District at [redacted] to confirm the cleaning schedule. After your service pipe is cleaned, the District will need to ensure that roots or other debris from your service line cleaning do not cause backups in the District's mains.

If you would like to discuss this matter further, contact myself or the District Engineer, Clarice O'Hanlon with Purrington Civil at 303.909.8448.

Sincerely,  
CHERRY HILLS METROPOLITAN DISTRICT

Darcy Beard, District Manager

Enclosure

September 16, 2014

Mr. & Mrs. Simon Prowse  
4000 South Dahlia Street  
Englewood, CO 80111

Dear Mr. & Mrs. Prowse,

The Cherry Hills North Metropolitan District (District) recently completed the annual sanitary sewer maintenance program. This program includes an annual video inspection of a portion of the District's sanitary sewer mains. During the video inspection, a camera is guided through the District's sanitary main to evaluate the internal condition of the pipe. The camera is able to stop at each service connection and view the internal condition of the connection between the service pipe and the District's main.

The video inspection conducted this year included the sanitary sewer main serving your house. The pipe for your service was found to be intruding from your sanitary sewer connection into the District's sanitary sewer main. Enclosed is a photograph of your service connection showing the pipe intrusion.

The pipe intrusion is a hazard to the District's main and requires immediate repair by a qualified sanitary sewer service company or plumber. Be advised, the District is not responsible for repairs to your service pipe, including the connection to the main, or damages caused by service pipe blockages. A representative for the District is required to observe all work related to the District's main, including service connections. If the repair is not complete by December 31, 2014, the District reserves the right to perform the repair and charge you for the costs incurred.

If you would like to discuss this matter further or to schedule observation of the repair, please contact me at \_\_\_\_\_ or the District Engineer, Clarice O'Hanlon with Purrington Civil, LLC at 303.909.8448.

Sincerely,  
CHERRY HILLS METROPOLITAN DISTRICT

Darcy Beard, District Manager

Enclosure

## INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between the CITY OF CHERRY HILLS VILLAGE, COLORADO, a Colorado home rule municipal corporation (the “City”) and the CHERRY HILLS NORTH METROPOLITAN DISTRICT, a special district organized and existing pursuant to the provisions of Title 32, Article 1 of the Colorado Revised Statutes (“District”).

### RECITALS

WHEREAS, C.R.S. Section 29-1-203(1) authorizes governments, which includes political subdivisions such as cities and special districts, to cooperate or contract with one another to provide any function, service, or facilities lawfully authorized to each of the contracting units; and

WHEREAS, C.R.S. Section 29-1-203(2) provides that such contract shall fully set forth the purpose, powers, rights, obligations and the responsibilities, financial and otherwise, of the contracting parties; and

WHEREAS, the District is entirely within the boundaries of the City, and the City has jurisdiction over the statement of purposes of the District pursuant to C.R.S. Section 32-1-208; and

WHEREAS, after reasonable diligence, the District has been unable to fully determine its powers under its statement of purposes and the City and the District have determined that those powers will be narrowed, described, and agreed upon by the terms of this Agreement.

### COVENANTS

NOW, THEREFORE, in consideration of the foregoing recitals and the promises set forth herein, the receipt and sufficiency of which are hereby acknowledged, the City and the District hereby agree as follows:

### ARTICLE I

#### POWERS

1.1. Metropolitan District. Until such time as the District may be dissolved as provided by law, the District shall operate as a metropolitan district as defined in Section 32-1-103(10) and other relevant law, however its powers shall be limited to the following:

(a) The powers of a sanitation district as described in C.R.S. Section 32-1-103(18) and other relevant law, but not including the provision of storm sewers, surface drainage, treatment and disposal works and facilities, or solid waste disposal facilities or waste services. In other words, the District may provide for sanitary sewers and contract for treatment services with the exceptions noted herein.

(b) Street improvement as provided in C.R.S. Section 32-1-103(10)(g) and safety protection as provided in C.R.S. Section 32-1-103(10)(d) and other relevant law; provided, however, that such service may be limited by the Board of Directors of the District to the ownership, operation, maintenance, repair and replacement of certain wayfinding and identification signs by acceptance of the assignment from the Cherry Hills North Homeowners Association, Inc. (the "HOA") of "An agreement by and between the City of Cherry Hills Village, Colorado and Cherry Hills North Homeowners Association, Inc. for the grant of a revocable encroachment license to install, construct, and maintain neighborhood identification signs on City-owned right-of-way" ("Assignment"). The District may accept such Assignment from the HOA on terms acceptable to the District, and may accept transfer of the operation and maintenance of the signs and all other interests specifically described in the above referenced agreement, including but not limited to an ownership interest in the signs.

(c) All necessary or convenient administrative, financial, contractual and operational functions for the District as determined by the Board of Directors.

1.2. No modification without City approval. The District agrees that it shall not seek to amend or modify its statement of purposes or this Agreement unless such amendment or modification is approved by the City.

## ARTICLE II

### FINANCIAL POWERS

2.1. Use of Revenues for District Operation and Administration. The District may use the proceeds of its mill levy and such other rates, fees, tolls, penalties, charges and revenues as may be authorized by law (specifically including Colorado Constitution Article X, Section 20) to implement the powers set forth herein and for the operation and administration of the District.

2.2. No Provision of Other Services. Unless otherwise approved by an amendment to this Agreement, the District agrees not to exercise any and all formerly authorized powers of the District to furnish any services except sanitary sewer services and street and safety protection services as provided herein. Unless otherwise approved by an amendment to this Agreement, the powers of the District shall be limited to those powers specifically set forth in Sections 1.1(a) through (c) above.

2.3. Limitation on Future General Obligation Debt Authorization. The District shall have no authority to issue or incur any future general obligation indebtedness whatsoever unless the proposed general obligation debt is approved by the City which approval shall be set forth in an amendment to this Agreement, is authorized by the electors of the District pursuant to an election conforming to Colorado Constitution Article X, Section 20 and other relevant law, and is approved by the District Board of Directors. Notwithstanding the limitation set forth in this Section 2.3, the District shall be authorized to enter into short term loans subject to annual appropriation and may issue revenue bonds as may be authorized by law, in order to provide the limited services and operations authorized by this Agreement.

## ARTICLE III

### EVENTS OF DEFAULT AND REMEDIES

3.1. Events of Default of District.

(a) Any of the following shall constitute an event of default of the District on its occurrence, but may be cured as provided herein:

(i) The provision by the District of any services other than those specified herein;

(ii) The issuance of any general obligation debt without authorization as provided herein.

(b) The District may cure an event of default within thirty (30) days from written notice from the City of the occurrence thereof or if the default cannot be cured within thirty (30) days, then commencement of a cure within thirty (30) days and diligently working to complete the same.

3.2. Remedies. The City shall have standing to enforce the terms of this Agreement. Such enforcement may be through action for specific performance or injunctive relief or for any other remedy available at law or in equity.

3.3. Jurisdiction. Any legal action relating to this Agreement, including actions relating to events of default under this Article 3 shall be brought in the District Court for Arapahoe County, Colorado.

## ARTICLE IV

### MISCELLANEOUS

4.1. Nonassignability. No party to this Agreement may assign any interest therein to any person without the consent of the other party.

4.2. Amendments. This Agreement may be amended from time to time by written amendment, duly authorized and signed by representatives of the parties hereto.

4.3. Waiver. No waiver by any party of any term or condition of this Agreement shall be deemed or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or a different provision of this Agreement.

4.4. Notices. Any notice, request, consent, approval, demand or other communication required or permitted hereby shall be in writing and shall be deemed to have been given when personally delivered or when deposited in the United States Postal Service, certified, return receipt requested, postage prepaid, properly addressed to the persons to whom such notice is intended to be given at their respective addresses as follows:

If to the City: City of Cherry Hills Village  
2450 East Quincy Avenue  
Cherry Hills Village, CO 80113

If to the District: Cherry Hills North Metropolitan District  
c/o Harold Roberts, President  
4051 S. Holly Street  
Englewood, CO 80111

With a copy to: Cherry Hills North Metropolitan District  
c/o District Accountant  
Darcy Beard  
P.O. Box 3110  
Parker, CO 80134

4.5. Governing Law. This Agreement shall be governed by the laws of the State of Colorado.

4.6. No Third Party Beneficiaries. Nothing contained in this Agreement is intended or shall create a contractual relationship with or cause an action in favor of, or claim for relief for, any third party.

4.7. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, it shall not effect or impair the validity, legality or enforceability of any other provision of this Agreement. Furthermore, if a material provision of this Agreement is held invalid, illegal or unenforceable, the parties hereto agree to renegotiate that provision to be a valid, legal and enforceable provision which reflects as closely as possible the original intent of the parties hereto as expressed herein with respect to the subject matter of that provision.

IN WITNESS WHEREOF, this Agreement is executed by the parties hereto as of the date first above written.

CITY OF CHERRY HILLS VILLAGE, COLORADO

By \_\_\_\_\_  
Its: Mayor

ATTEST:

By \_\_\_\_\_  
Its: City Clerk



CHERRY HILLS NORTH METROPOLITAN DISTRICT

By \_\_\_\_\_  
Its: President

ATTEST:

By \_\_\_\_\_  
Its: Secretary or Assistant Secretary

CHERRY HILLS NORTH METROPOLITAN DISTRICT

FORECAST

2013 - 2018

2 Mill Levy Increase to 6.281 mills

	2013	2014	2015	2016	2017	2018	Total
<b><u>RECEIPTS</u></b>							
TAXES - OPERATION (2 mill increase effective 2015)	\$ 40,063	\$ 42,297	\$ 62,057	\$ 62,071	\$ 64,554	\$ 64,554	
TAXES - OWNERSHIP	2,753	2,750	2,750	2,805	2,861	2,918	
INVESTMENT INCOME	710	265	265	250	250	250	
TOTAL RECEIPTS	<u>43,526</u>	<u>45,312</u>	<u>65,072</u>	<u>65,126</u>	<u>67,665</u>	<u>67,722</u>	
BALANCE JANUARY 1	330,841	312,748	299,630	295,317	260,953	252,827	
TOTAL RECEIPTS & BEG BALANCE	<u>374,367</u>	<u>358,060</u>	<u>364,702</u>	<u>360,443</u>	<u>328,618</u>	<u>320,549</u>	
<b><u>EXPENDITURES</u></b>							
AUDIT EXPENSE	\$ 500	\$ 500	\$ 650	\$ 650	\$ 4,000	650	
ACCOUNTING/MANAGEMENT	7,372	9,000	9,200	9,500	9,800	10,094	
COUNTY FEES	602	634	931	931	968	968	
DIRECTORS FEES	-	-	-	-	-	-	
DUES	327	309	324	340	349	357	
INSURANCE & BONDING	1,849	1,713	1,800	1,890	1,947	2,005	
LEGAL	3,273	500	2,500	1,500	1,500	1,500	
ENGINEERING FEES	4,354	6,000	6,000	10,000	6,300	6,489	
MISCELLANEOUS	217	410	460	450	450	450	
UTILITIES	2,351	2,400	2,568	2,645	2,724	2,806	
JET FLUSH	5,435	5,317	5,583	5,862	6,155	6,463	
REPAIRS & MAINTENANCE	-	1,000	1,500	1,500	2,000	2,500	
SEWER SERVICE CHARGE	30,916	19,946	28,370	29,221	30,098	31,001	
CAPITAL OUTLAY	-	-	-	25,000	-	-	
OUTFALL COMMITTEE	246	5,700	9,500	9,500	9,500	9,500	
ELECTION EXPENSE	4,177	5,000	-	500	-	500	
TOTAL EXPENDITURES	<u>\$ 61,619</u>	<u>\$ 58,429</u>	<u>\$ 69,386</u>	<u>\$ 99,489</u>	<u>\$ 75,791</u>	<u>\$ 74,783</u>	
ENDING BALANCE	<u>312,748</u>	<u>299,630</u>	<u>295,317</u>	<u>260,953</u>	<u>252,827</u>	<u>245,766</u>	
TOTAL EXPENDITURES & ENDING BALANCE	<u>\$374,367</u>	<u>\$358,060</u>	<u>\$364,702</u>	<u>\$ 360,443</u>	<u>\$ 328,618</u>	<u>\$320,549</u>	
OPERATIONS SHORTFALL PROJECTED	<u>\$ (18,093)</u>	<u>\$ (13,118)</u>	<u>\$ (4,314)</u>	<u>\$ (34,364)</u>	<u>\$ (8,126)</u>	<u>\$ (7,061)</u>	<u>\$ (85,075)</u>

CHERRY HILLS NORTH METROPOLITAN DISTRICT

FORECAST

2013 - 2018

4 Mill Levy Increase to 8.281 mills

	2013	2014	2015	2016	2017	2018	Total
<b><u>RECEIPTS</u></b>							
TAXES - OPERATION (4 mill increase effective 2015)	\$ 40,063	\$ 42,297	\$ 81,817	\$ 81,835	\$ 85,109	\$ 85,109	
TAXES - OWNERSHIP	2,753	2,750	2,750	2,805	2,861	2,918	
INVESTMENT INCOME	710	265	265	250	250	250	
<b>TOTAL RECEIPTS</b>	<b>43,526</b>	<b>45,312</b>	<b>84,832</b>	<b>84,890</b>	<b>88,220</b>	<b>88,277</b>	
BALANCE JANUARY 1	330,841	312,748	299,630	314,781	299,885	312,006	
<b>TOTAL RECEIPTS &amp; BEG BALANCE</b>	<b>374,367</b>	<b>358,060</b>	<b>384,463</b>	<b>399,671</b>	<b>388,105</b>	<b>400,283</b>	
<b><u>EXPENDITURES</u></b>							
AUDIT EXPENSE	\$ 500	\$ 500	\$ 650	\$ 650	\$ 4,000	650	
ACCOUNTING/MANAGEMENT	7,372	9,000	9,200	9,500	9,800	10,094	
COUNTY FEES	602	634	1,227	1,228	1,277	1,277	
DIRECTORS FEES	-	-	-	-	-	-	
DUES	327	309	324	340	349	357	
INSURANCE & BONDING	1,849	1,713	1,800	1,890	1,947	2,005	
LEGAL	3,273	500	2,500	1,500	1,500	1,500	
ENGINEERING FEES	4,354	6,000	6,000	10,000	6,300	6,489	
MISCELLANEOUS	217	410	460	450	450	450	
UTILITIES	2,351	2,400	2,568	2,645	2,724	2,806	
JET FLUSH	5,435	5,317	5,583	5,862	6,155	6,463	
REPAIRS & MAINTENANCE	-	1,000	1,500	1,500	2,000	2,500	
SEWER SERVICE CHARGE	30,916	19,946	28,370	29,221	30,098	31,001	
CAPITAL OUTLAY	-	-	-	25,000	-	-	
OUTFALL COMMITTEE	246	5,700	9,500	9,500	9,500	9,500	
ELECTION EXPENSE	4,177	5,000	-	500	-	500	
<b>TOTAL EXPENDITURES</b>	<b>\$ 61,619</b>	<b>\$ 58,429</b>	<b>\$ 69,682</b>	<b>\$ 99,786</b>	<b>\$ 76,099</b>	<b>\$ 75,092</b>	
ENDING BALANCE	312,748	299,630	314,781	299,885	312,006	325,191	
<b>TOTAL EXPENDITURES &amp; ENDING BALANCE</b>	<b>\$374,367</b>	<b>\$358,060</b>	<b>\$384,463</b>	<b>\$ 399,671</b>	<b>\$ 388,105</b>	<b>\$400,283</b>	
<b>OPERATIONS SHORTFALL PROJECTED</b>	<b>\$ (18,093)</b>	<b>\$ (13,118)</b>	<b>\$ 15,150</b>	<b>\$ (14,895)</b>	<b>\$ 12,121</b>	<b>\$ 13,185</b>	<b>\$ (5,650)</b>

CHERRY HILLS NORTH METROPOLITAN DISTRICT  
FORECAST  
2013 - 2018

6 Mill Levy Increase to 10.281 mills

	2013	2014	2015	2016	2017	2018	Total
<b><u>RECEIPTS</u></b>							
TAXES - OPERATION (6 mill increase effective 2015)	\$ 40,063	\$ 42,297	\$ 101,578	\$ 101,600	\$ 105,664	\$ 105,664	
TAXES - OWNERSHIP	2,753	2,750	2,750	2,805	2,861	2,918	
INVESTMENT INCOME	710	265	265	250	250	250	
TOTAL RECEIPTS	43,526	45,312	104,593	104,655	108,775	108,832	
BALANCE JANUARY 1	330,841	312,748	299,630	334,244	338,817	371,185	
TOTAL RECEIPTS & BEG BALANCE	374,367	358,060	404,223	438,900	447,592	480,017	
<b><u>EXPENDITURES</u></b>							
AUDIT EXPENSE	\$ 500	\$ 500	\$ 650	\$ 650	\$ 4,000	650	
ACCOUNTING/MANAGEMENT	7,372	9,000	9,200	9,500	9,800	10,094	
COUNTY FEES	602	634	1,524	1,524	1,585	1,585	
DIRECTORS FEES	-	-	-	-	-	-	
DUES	327	309	324	340	349	357	
INSURANCE & BONDING	1,849	1,713	1,800	1,890	1,947	2,005	
LEGAL	3,273	500	2,500	1,500	1,500	1,500	
ENGINEERING FEES	4,354	6,000	6,000	10,000	6,300	6,489	
MISCELLANEOUS	217	410	460	450	450	450	
UTILITIES	2,351	2,400	2,568	2,645	2,724	2,806	
JET FLUSH	5,435	5,317	5,583	5,862	6,155	6,463	
REPAIRS & MAINTENANCE	-	1,000	1,500	1,500	2,000	2,500	
SEWER SERVICE CHARGE	30,916	19,946	28,370	29,221	30,098	31,001	
CAPITAL OUTLAY	-	-	-	25,000	-	-	
OUTFALL COMMITTEE	246	5,700	9,500	9,500	9,500	9,500	
ELECTION EXPENSE	4,177	5,000	-	500	-	500	
TOTAL EXPENDITURES	\$ 61,619	\$ 58,429	\$ 69,979	\$ 100,082	\$ 76,408	\$ 75,400	
ENDING BALANCE	312,748	299,630	334,244	338,817	371,185	404,617	
TOTAL EXPENDITURES & ENDING BALANCE	\$ 374,367	\$ 358,060	\$ 404,223	\$ 438,900	\$ 447,592	\$ 480,017	
OPERATIONS SHORTFALL PROJECTED	\$ (18,093)	\$ (13,118)	\$ 34,614	\$ 4,573	\$ 32,368	\$ 33,432	\$ 73,776

CHERRY HILLS NORTH METROPOLITAN DISTRICT  
FORECAST  
2013 - 2018

No Tax Incr - \$72 Per Qtr Sewer Fee

	2013	2014	2015	2016	2017	2018	Total
<b><u>RECEIPTS</u></b>							
TAXES - OPERATION (No Tax Increase)	\$ 40,063	\$ 42,297	\$ 42,306	\$ 43,998	\$ 43,998	\$ 45,758	
TAXES - OWNERSHIP	2,753	2,750	2,750	2,805	2,861	2,918	
SEWER FEES	-	-	41,472	41,472	43,546	43,546	
INVESTMENT INCOME	710	265	265	250	250	250	
TOTAL RECEIPTS	<u>43,526</u>	<u>45,312</u>	<u>86,793</u>	<u>88,525</u>	<u>90,655</u>	<u>92,472</u>	
BALANCE JANUARY 1	<u>330,841</u>	<u>312,748</u>	<u>299,630</u>	<u>312,334</u>	<u>296,391</u>	<u>306,051</u>	
TOTAL RECEIPTS & BEG BALANCE	<u>374,367</u>	<u>358,060</u>	<u>386,424</u>	<u>400,860</u>	<u>387,046</u>	<u>398,524</u>	
<b><u>EXPENDITURES</u></b>							
AUDIT EXPENSE	\$ 500	\$ 500	\$ 650	\$ 650	\$ 4,000	650	
ACCOUNTING/MANAGEMENT	7,372	9,000	9,200	9,500	9,800	10,094	
BILLING SERVICE	-	-	5,000	5,250	5,513	5,788	
COUNTY FEES	602	634	635	660	660	686	
DIRECTORS FEES	-	-	-	-	-	-	
DUES	327	309	324	340	349	357	
INSURANCE & BONDING	1,849	1,713	1,800	1,890	1,947	2,005	
LEGAL	3,273	500	2,500	1,500	1,500	1,500	
ENGINEERING FEES	4,354	6,000	6,000	10,000	6,300	6,489	
MISCELLANEOUS	217	410	460	450	450	450	
UTILITIES	2,351	2,400	2,568	2,645	2,724	2,806	
JET FLUSH	5,435	5,317	5,583	5,862	6,155	6,463	
REPAIRS & MAINTENANCE	-	1,000	1,500	1,500	2,000	2,500	
SEWER SERVICE CHARGE	30,916	19,946	28,370	29,221	30,098	31,001	
CAPITAL OUTLAY	-	-	-	25,000	-	-	
OUTFALL COMMITTEE	246	5,700	9,500	9,500	9,500	9,500	
ELECTION EXPENSE	4,177	5,000	-	500	-	500	
TOTAL EXPENDITURES	<u>\$ 61,619</u>	<u>\$ 58,429</u>	<u>\$ 74,089</u>	<u>\$ 104,468</u>	<u>\$ 80,995</u>	<u>\$ 80,290</u>	
ENDING BALANCE	<u>312,748</u>	<u>299,630</u>	<u>312,334</u>	<u>296,391</u>	<u>306,051</u>	<u>318,234</u>	
TOTAL EXPENDITURES & ENDING BALANCE	<u>\$374,367</u>	<u>\$358,060</u>	<u>\$386,424</u>	<u>\$ 400,860</u>	<u>\$ 387,046</u>	<u>\$398,524</u>	
OPERATIONS SHORTFALL PROJECTED	<u>\$ (18,093)</u>	<u>\$ (13,118)</u>	<u>\$ 12,704</u>	<u>\$ (15,943)</u>	<u>\$ 9,660</u>	<u>\$ 12,183</u>	<u>\$ (12,607)</u>
QTRLY SEWER FEES	\$ -	\$ -	\$ 72.00	\$ 72.00	\$ 75.60	\$ 75.60	

**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
2015 PROPOSED BUDGET  
OCTOBER 8, 2014**

	<u>2013 ACTUAL</u>	<u>2014 ADOPTED BUDGET</u>	<u>2014 FORECAST OPERATION</u>	<u>2015 PROPOSED BUDGET</u>
<b><u>RECEIPTS</u></b>				
TAXES - PROPERTY	40,063	42,297	42,297	42,306
TAXES - OWNERSHIP	2,753	2,750	2,750	2,750
INVESTMENT INCOME	710	725	265	265
TOTAL RECEIPTS	<u>\$ 43,526</u>	<u>\$ 45,772</u>	<u>\$ 45,312</u>	<u>\$ 45,321</u>
BALANCE JANUARY 1	<u>330,841</u>	<u>311,086</u>	<u>312,748</u>	<u>299,630</u>
TOTAL RECEIPTS & BEG BALANCE	<u>\$ 374,367</u>	<u>\$ 356,858</u>	<u>\$ 358,060</u>	<u>\$ 344,951</u>
<b><u>EXPENDITURES</u></b>				
AUDIT EXPENSE	\$ 500	\$ 750	\$ 500	\$ 650
ACCOUNTING	7,372	7,500	9,000	9,200
COUNTY FEES	602	634	634	634
DUES	327	350	309	324
ELECTION EXPENSE	4,177	5,000	5,000	-
INSURANCE & BONDING	1,849	2,000	1,713	1,800
LEGAL EXPENSE	3,273	2,500	500	2,500
ENGINEERING EXPENSE	4,354	5,000	6,000	6,000
MISCELLANEOUS	217	300	410	460
UTILITIES	2,351	2,943	2,400	2,568
JET FLUSH	5,435	6,707	5,317	5,583
REPAIRS & MAINTENANCE	-	5,000	1,000	1,500
SEWER SERVICE CHARGE	30,916	19,946	19,946	28,370
CAPITAL OUTLAY	-	25,000	-	25,000
OUTFALL LINE EXPENSES	246	1,186	5,700	9,500
TOTAL EXPENDITURES	<u>\$ 61,619</u>	<u>\$ 84,816</u>	<u>\$ 58,429</u>	<u>\$ 94,090</u>
ENDING BALANCE	<u>312,748</u>	<u>272,042</u>	<u>299,630</u>	<u>250,861</u>
TOTAL EXPENDITURES & ENDING BALANCE	<u>\$ 374,367</u>	<u>\$ 356,858</u>	<u>\$ 358,060</u>	<u>\$ 344,951</u>

CHERRY HILLS NORTH METROPOLITAN DISTRICT  
ARAPAHOE COUNTY, COLORADO

INDEPENDENT MAIL BALLOT ELECTION  
NOVEMBER 4, 2014

---

This Notice Contains Summary Statements for  
Ballot Propositions as Required by the State of Colorado  
Constitution Article X, Section 20

---

ALL REGISTERED VOTERS

NOTICE OF ELECTION  
TO INCREASE TAXES ON A REFERRED MEASURE

A "YES" VOTE ON THE BALLOT ISSUE IS A VOTE  
IN FAVOR OF CHANGING CURRENT LAW OR EXISTING CIRCUMSTANCES, AND  
A "NO" VOTE ON THE BALLOT ISSUE IS A VOTE AGAINST CHANGING CURRENT  
LAW OR EXISTING CIRCUMSTANCES

---

**Election Date: Tuesday, November 4, 2014**  
**Election Hours: 7:00 A.M. to 7:00 P.M.**

**Local Election Office Information:**  
**Sue Blair, Designated Election Official**  
**Community Resource Services of Colorado, LLC**  
**7995 E. Prentice Avenue, Suite 103E**  
**Greenwood Village, CO 80111**  
**(303) 381-4960**

**THIS ELECTION IS AN INDEPENDENT MAIL BALLOT ELECTION. ABSENTEE AND REPLACEMENT BALLOTS CAN ONLY BE OBTAINED BY CONTACTING THE DESIGNATED ELECTION OFFICIAL. ALL BALLOTS MUST BE RETURNED TO THE DESIGNATED ELECTION OFFICIAL AT THE ADDRESS LISTED ABOVE.**

**Ballot Title and Text:**

**BALLOT ISSUE NO. 5A**

SHALL CHERRY HILLS NORTH METROPOLITAN DISTRICT TAXES BE INCREASED \$39,600 ANNUALLY OVER THE AMOUNT COLLECTED BY THE DISTRICT IN 2014, OR BY SUCH LESSER ANNUAL AMOUNT AS MAY BE NECESSARY TO PAY THE DISTRICT'S OPERATIONS, MAINTENANCE, AND OTHER EXPENSES; SUCH TAXES TO CONSIST OF AN AD VALOREM MILL LEVY OF 8.281 MILLS (REPRESENTING AN INCREASE OF 4.000 MILLS OVER THE DISTRICT'S EXISTING MILL LEVY OF 4.281 MILLS) OR SUCH MILL LEVY SUFFICIENT TO PRODUCE THE ANNUAL INCREASE SET FORTH ABOVE; AND SHALL THE PROCEEDS OF SUCH TAXES AND INVESTMENT INCOME THEREON CONSTITUTE A VOTER-APPROVED REVENUE CHANGE IN 2015 AND EACH YEAR THEREAFTER WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, SECTION 29-1-301, COLORADO REVISED STATUTES, OR OTHER LAW?

**Total Cherry Hills North Metropolitan District Fiscal Year Spending:**

2014	\$ 58,429 (estimated)
2013	\$ 61,619 (actual)
2012	\$ 58,167 (actual)
2011	\$ 59,445 (actual)
2010	\$126,956 (actual)

Overall Percentage Change from 2010 to 2014: (\$68,527)

Overall Dollar Change from 2010 to 2014: (46%)

**Cherry Hills North Metropolitan District Estimates of Maximum Dollar Amount of Tax Increase and of District Fiscal Year Spending Without the Increase for First Full Fiscal Year of Proposed Tax Increase:**

**BALLOT ISSUE 5A:**

Estimated Maximum Dollar Amount  
of Tax Increase for 2015: \$39,600

Estimated 2015 Fiscal Year Spending  
Without Proposed Tax Increase: \$94,090

**Summary of Written Comments FOR Ballot Issue 5A:**

The District has provided vital sewage service since the inception of Cherry Hills North. The District inspects the main lines on a regular basis, removes obstructions, replaces or repairs damaged main lines on an as-needed basis, and implements other preventative measures when appropriate. In addition, the District has agreements with neighboring Districts for regional outfall lines and pays annual treatment fees to the Metro Wastewater Reclamation District for sewage treatment costs.

Adjusted for inflation, the District collects far less tax revenue on an annual basis now than when the Cherry Hills North neighborhood was new (back in the mid 1970's and early 1980's). The District's costs have increased – while tax revenues have declined. This is not a sustainable model. The District needs to be proactive in order to ensure that our sanitary sewer infrastructure remains in top operating condition and able to serve the neighborhood.

The District's continued responsibility requires closing the current existing gap between revenue and expenses. District revenues have decreased due to multiple factors including substantially reduced investment income. The District's fixed annual expenses have increased in recent years and are projected to continue to increase.

All members of the Board of Directors of the District are residents of Cherry Hills North. The Board has the best interests of the community in mind. In addition, the Board of the Cherry Hills North Homeowners Association unanimously supports the proposed tax increase.

The District has historically been funded by a mill levy that is tax deductible to the residents, and has virtually no collection overhead. The proposed increase in the mill levy will result in a net increase to residents of approximately \$22/month.



The District is obligated to close the revenue gap. Most Districts employ a user fee model, which results in higher overhead and the resulting monthly, quarterly or annual fees are not tax deductible. A failure to raise the mill levy to a level sufficient to cover annual expenses will result in user fees being imposed.

The proposed tax increase is designed to ensure that the District is able to meet annual expenditures with annual revenues in order to continue providing important services to the neighborhood without continuing to deplete the District's existing cash reserves. The District's cash reserves must be maintained in order to make sure that the District is able to implement its annual maintenance and long range capital improvement plans.

For background about the District, finances, and document archive see: <http://chnorthmetro.us/>

#### **Summary of Written Comments AGAINST Ballot Issue 5A:**

Most Districts employ a user fee model, wherein residents that are served by the District receive a monthly, quarterly or annual bill. The mill levy approach results in very modest tax savings to residents and the cost of elections is nontrivial. The residents of the District would be better served by adopting a user fee model.

With user fees, the fees can be increased or decreased by the District on an as-needed basis to cover expenses. User fees do not require a vote of neighborhood residents. Increasing the mill levy in the future will require an additional vote of the neighborhood. Instead of being asked to vote on future tax increases, the neighborhood can and should rely on the Board of the District to set the fees at a reasonable level.