

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

November 4, 2016

Please take notice the 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, November 10, 2016 at 7:30 a.m. Business to be conducted at the meeting will include:

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1. Public Comment	
2. Approval of the Minutes – September 15, 2016	1
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6. Mansfield Board Presentation	18
7. Sanitation Maintenance Warranty Deductible Endorsement	25
8. Old Business	
9. New Business	
10. Adjournment	

**Next tentatively scheduled meetings:**

**December 8, 2016**

**January 12, 2017**

**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 Duffey's Bakery Patio Cafe, 4994 E. Hampden Avenue, Denver, Colorado 80110 at the hour of 7:30 a.m. on the 15th day of September 2016.

Present were:           Harold Roberts, President  
                              Dan Conway, Vice President  
                              Marcus McAskin, Secretary  
                              Keith Bierman, Director  
                              Darcy Beard, CPA

Director 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.

**APPROVAL OF MINUTES**

The minutes of the meeting held July 21, 2016 were reviewed. Director Bierman made a motion to approve the minutes. The motion was seconded by Director Roberts upon vote, the minutes were approved.

**FINANCIAL REPORT**

Ms. Beard distributed the compilation report for the eight months ending August 31, 2016. Director Conway made a motion to accept the compilation reports. The motion was seconded by Director Roberts, upon vote, unanimously passed.

**CASH DISBURSEMENTS**

Ms. Beard presented the Schedule of Cash Disbursements totaling \$16,578.68. After review, Director Roberts made a motion to approve the cash disbursements. The motion was seconded by Director McAskin, upon vote unanimously approved.

**2015 AUDITED FINANCIALS**

Ms. Beard presented 2015 Audited Financial Statements prepared by L. Paul Goedecke P.C. She noted one change to the financial statement footnotes regarding the allocation of costs for the Hillcrest Outfall Line Agreement. After review, Director Bierman made a motion to approve the audit with the change to the footnote. The motion was seconded by Director Roberts and upon vote, unanimously approved.

**2017 PROPOSED BUDGET**

Ms. Beard presented the proposed 2017 budget. The Board reviewed the proposed budget and set the Budget Hearing for November 10, 2016. The Board directed Ms. Beard to publish the Notice of Budget.

**APPOINTEMENT OF BUDGET OFFICER**

Director Bierman made a motion to appoint Ms. Beard as Budget Officer. The motion was seconded by Director Roberts and upon vote, unanimously approved.

**ENGINEER 'S REPORT**

The Board reviewed the Engineer's written report. The Board would like to have an addition to the map legend denoting areas of the system that have been slip lined and the year the slip lining was completed.

**OTHER BUSINESS**

Director McAskin reported receiving an email from Sue Blair stating the Mansfield Board would like to meet with the Cherry Hills North Board to discuss the 2015 flooding event. The Board agreed to invite the Mansfield board to the November 10, 2016 meeting.

**OCTOBER MEETING**

The Board cancelled the October meeting. The next meeting will be held on November 10, 2016.

**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 8:15 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  
Mobile 303-594-5488**

**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 ten months ending October 31, 2016. 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  
November 9, 2016

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

January 1, 2016 through October 31, 2016

<u>REVENUES</u>	ACTUAL <u>2016</u>	BUDGET <u>2016</u>	BUDGET <u>REMAINING</u>
Property Taxes	\$ 89,326.06	\$ 89,326	\$ (0.06)
Ownership Taxes	5,773.54	6,000	226.46
Investment Income	1,022.64	725	(297.64)
Miscellaneous Income	-	-	-
TOTAL REVENUES	<u>\$ 96,122.24</u>	<u>\$ 96,051</u>	<u>\$ (71.24)</u>
<u>EXPENDITURES</u>			
Audit Expense	\$ 2,400.00	\$ 2,500	\$ 100.00
Accounting/Management Expense	9,432.50	10,500	1,067.50
County Fees	1,340.41	1,340	(0.41)
Dues	327.90	350	22.10
Election Expense	107.32	3,000	2,892.68
Insurance & Directors Bonds	2,087.86	2,000	(87.86)
Legal Fees	-	3,500	3,500.00
Engineering Expense	3,798.08	8,195	4,396.92
Miscellaneous	211.40	650	438.60
Utilities	1,278.71	1,785	506.29
Jet Flush, Video, Root Sawing	6,156.30	7,154	997.70
Repairs & Maintenance	-	5,000	5,000.00
Entrance Maintenance	-	10,000	10,000.00
Sewer Service Charge	10,878.00	10,878	-
Capital Outlay	5,495.40	25,000	19,504.60
Outfall Line Expense	8,876.71	12,410	3,533.29
TOTAL EXPENDITURES	<u>\$ 52,390.59</u>	<u>\$ 104,262</u>	<u>\$ 51,871.41</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
STATEMENT OF NET ASSETS  
OCTOBER 31, 2016**

ASSETS

First Bank Checking	\$ 27,332.37
First Bank Savings	120,769.33
ColoTrust	208,518.96
Outfall Line Reserve	975.00
Accrued Interest Receivable	-
Property Tax Receivable	449.94
Prepaid Insurance	-
Cash with County Treasurer	-
TOTAL ASSETS	<u>\$ 358,045.60</u>

LIABILITIES & NET ASSETS

Accounts Payable	\$ 318.48
Deferred Property Tax	<u>449.94</u>
Total Current Liabilites	\$ 768.42

NET ASSETS

Net Assets - Unrestricted	313,545.53
Change in Net Assets	<u>43,731.65</u>
Total Net Assets	<u>357,277.18</u>

TOTAL LIABILITIES & NET ASSETS	<u>\$ 358,045.60</u>
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SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
STATEMENT OF REVENUES & EXPENDITURES  
FOR THE TEN MONTHS ENDING OCTOBER 31, 2016**

REVENUES

Property Taxes	\$ 89,326.06
Ownership Taxes	5,773.54
Investment Income	1,022.64
Miscellaneous Income	-
TOTAL REVENUES	<u>\$ 96,122.24</u>

EXPENDITURES

Audit Expense	\$ 2,400.00
Accounting/Management Expense	9,432.50
Business Meetings	-
County Fees	1,340.41
Dues	327.90
Insurance & Directors Bonds	2,087.86
Legal Fees	-
Election Expense	107.32
Engineering	3,798.08
Miscellaneous	211.40
Utilities	1,278.71
Jet Flush	6,156.30
Repairs & Maintenance	-
Sewer Service Charge	10,878.00
Capital Improvements	14,372.11
Outfall Committee	-
TOTAL EXPENDITURES	<u>\$ 52,390.59</u>
Change in Net Assets	\$ 43,731.65
Net Assets - Beginning of Year	<u>\$ 313,545.53</u>
Net Assets - End of Month	<u><u>\$ 357,277.18</u></u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT.

**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
CASH DISBURSEMENTS  
NOVEMBER 10, 2016**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHECK NUMBER</u>	<u>AMOUNT</u>
Colorado SDA Property & Liability Pool	2017 Insurance	2450	\$ 2,009.75
Darcy Beard CPA	Acctg/Mgmt	2451	1,732.50
	Office Supplies		22.82
The Villager Legals	Budget Publication	2452	42.70
Xcel Energy	Utilities	2453	272.84
			-
<b>TOTAL CASH DISBURSEMENTS</b>			<b><u>\$ 4,080.61</u></b>



**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
2017 PROPOSED BUDGET**

	<u>2015 ACTUAL</u>	<u>2016 ADOPTED BUDGET</u>	<u>2016 FORECAST OPERATION</u>	<u>2017 PROPOSED BUDGET</u>
<b><u>RECEIPTS</u></b>				
TAXES - PROPERTY	\$ 81,836	\$ 89,326	\$ 89,326	\$ 89,334
TAXES - OWNERSHIP	6,174	6,000	6,775	6,800
MISCELLANEOUS INCOME	5,504	-	-	-
INVESTMENT INCOME	<u>672</u>	<u>725</u>	<u>1,525</u>	<u>1,710</u>
TOTAL RECEIPTS	\$ 94,186	\$ 96,051	\$ 97,626	\$ 97,844
BALANCE JANUARY 1	<u>296,397</u>	<u>294,033</u>	<u>313,545</u>	<u>353,867</u>
TOTAL RECEIPTS & BEG BALANCE	\$ 390,583	\$ 390,084	\$ 411,171	\$ 451,711
<b><u>EXPENDITURES</u></b>				
AUDIT EXPENSE	\$ 500	\$ 2,500	\$ 2,400	\$ 1,000
ACCOUNTING	7,852	10,500	11,500	12,000
COUNTY FEES	1,229	1,340	1,340	1,340
DUES	316	350	328	350
ELECTION EXPENSE	-	3,000	107	-
INSURANCE & BONDING	1,648	2,000	2,088	2,260
LEGAL EXPENSE	-	3,500	-	1,000
ENGINEERING EXPENSE	7,804	8,195	5,000	10,000
MISCELLANEOUS	228	650	350	400
UTILITIES	1,615	1,785	1,550	1,650
JET FLUSH	5,761	7,154	6,157	7,350
REPAIRS & MAINTENANCE	-	5,000	-	5,000
ENTRANCE MAINTENANCE	-	10,000	5,495	11,000
SEWER SERVICE CHARGE	22,060	10,878	10,878	36,453
CAPITAL OUTLAY	25,000	25,000	-	63,250
OUTFALL LINE EXPENSES	<u>3,025</u>	<u>12,410</u>	<u>10,111</u>	<u>31,447</u>
TOTAL EXPENDITURES	\$ 77,038	\$ 104,262	\$ 57,304	\$ 184,500
ENDING BALANCE	<u>313,545</u>	<u>285,322</u>	<u>353,867</u>	<u>267,211</u>
TOTAL EXPENDITURES & ENDING BALANCE	<u>\$ 390,583</u>	<u>\$ 390,084</u>	<u>\$ 411,171</u>	<u>\$ 451,711</u>

I, **Darcy Beard** certify the attached is a true and accurate copy of the adopted 2017 budget of the Cherry Hills North Metropolitan District.

By: \_\_\_\_\_  
Budget Officer

**CHERRY HILLS NORTH METROPOLITAN DISTRICT  
BUDGET DETAIL**

	<b>PROJECTED 2016</b>	<b>PROPOSED 2017</b>
<b><u>TAXES - OPERATION</u></b>		
2016 - 10,786,859 @ A.V. 8.281 MILLS	\$ 89,326	
2017 - 10,787,789 @ 8.281 MILLS		\$ 89,334
<b><u>TAXES - OWNERSHIP</u></b>		
	\$ 6,775	\$ 6,800
<b><u>INVESTMENT INCOME</u></b>		
FIRST BANK	\$ 200	\$ 200
COLOTRUST (.82%)	1,325	1,500
ARAPAHOE COUNTY	-	10
TOTAL INVESTMENT INCOME	<u>\$ 1,525</u>	<u>\$ 1,710</u>
<b><u>AUDIT EXPENSE</u></b>		
LAST AUDIT 2015	\$ 2,400	\$ 1,000
<b><u>ACCOUNTING</u></b>		
	\$ 11,500	\$ 12,000
<b><u>COUNTY FEES</u></b>		
	\$ 1,340	\$ 1,340
<b><u>ELECTION EXPENSE</u></b>		
	\$ 107	\$ -
<b><u>DUES</u></b>		
SDA DUES	\$ 328	\$ 350
<b><u>INSURANCE &amp; BONDING</u></b>		
	\$ 2,088	\$ 2,260
<b><u>LEGAL/ PROFESSIONAL FEES</u></b>		
ENGINEERING	\$ 5,000	\$ 10,000
LEGAL	-	1,000
TOTAL PROFESSIONAL FEES	<u>\$ 5,000</u>	<u>\$ 11,000</u>
<b><u>MISCELLANEOUS</u></b>		
OFFICE SUPPLIES	\$ 180	\$ 200
BANK CHARGES	70	100
WEBSITE EXPENSES	-	-
LEGAL PUBLICATIONS	100	100
TOTAL MISC	<u>\$ 350</u>	<u>\$ 400</u>
<b><u>UTILITIES</u></b>		
XCEL ENERGY	\$ 1,550	\$ 1,650
	-	
<b><u>VIDEO, JET CLEAN &amp; ROOT SAW</u></b>		
VIDEO	\$ 2,072	\$ 2,800
JET CLEAN & ROOT SAW	2,718	3,000
ROOT CUTTING	1,367	1,550
TOTAL VIDEO & JET CLEAN	<u>\$ 6,157</u>	<u>\$ 7,350</u>

CHERRY HILLS NORTH METROPOLITAN DISTRICT  
BUDGET DETAIL

	<u>PROJECTED</u> <u>2016</u>	<u>PROPOSED</u> <u>2017</u>
<b><u>REPAIRS &amp; MAINTENANCE</u></b>		
OTHER REPAIR & MAINT	-	5,000
TOTAL REPAIRS & MAINTENANCE	\$ -	\$ 5,000
<b><u>SIGN/ENTRANCE MAINTENANCE</u></b>		
SIGN MAINTENANCE	\$ -	\$ 2,500
ENTRANCE MAINTENANCE	-	2,500
ENTRANCE LIGHTING	5,495	6,000
TOTAL SIGN/ENTRANCE MAINTENANCE	\$ 5,495	\$ 11,000
<b><u>SEWER SERVICE CHARGE</u></b>		
HILLCREST CHARGE	\$ 10,878	\$ 36,453
<b><u>CAPITAL OUTLAY</u></b>		
CURED IN PLACE LINING	\$ -	\$ 55,000
CONTINGENCY (15%)	-	8,250
	\$ -	\$ 63,250
<b><u>OUTFALL LINE EXPENSE</u></b>		
OUTFALL LINE OPERATION & MAINTENANCE	\$ 4,427	\$ 488
OUTFALL LINE LOAN (TOTAL OF 40 PMTS)	4,684	2,817
OUTFALL LINE METERING	-	11,212 **
MAHOLE REPAIRS	-	13,360 **
ADDITIONAL JET CLEANING	-	1,570 **
OUTFALL LINE CONTINGENCY	1,000	2,000
OUTFALL LINE EXPENSE	\$ 10,111	\$ 31,447

**HILLCREST WATER & SANITATION DISTRICT**

7995 E. Prentice Avenue, Suite 103E

Greenwood Village, Colorado 80111

(303) 381-4960

(303) 381-4961 (FAX)

*Rec'd 10/25/16*

October 2016

Boards of Directors

Mansfield Heights Water & Sanitation District

Cherry Hills North Metropolitan District

Cherry Hills Village Sanitation District

Devonshire Heights Water & Sanitation District

RE: Hillcrest Water & Sanitation District  
2016 Annual Report

Dear Board Members:

Pursuant to the provisions of the Second Amended and Restated IGA, please find attached Hillcrest's Annual Report relating to the Outfall Line. The Annual Report has been updated to include 2016 Outfall Line expenditures, including an estimate of expenses remaining with respect to 2016. Also, the proposed 2017 budget is included for your review and comment.

Annual Highlights

State Revolving Fund Loan: The final debt service schedule is attached. The Outfall Line participating districts, including Hillcrest, are responsible for 43% of the debt service payment. The other 57% relates to work done by Hillcrest within its service area.

Treatment Fees: As anticipated, the 2017 treatment fees from Metro Wastewater are being increased dramatically. The 2016 treatment fees were \$55,785 and the 2017 invoice is for \$186,936 – an increase of \$131,151.

Flooding Update: As you know, during the week of June 9, 2015, we experienced excessive rain in a very concentrated period, which resulted in sewage flooding of several homes within the Outfall Line service area. Since that time, Hillcrest and Mansfield have requested meetings with all five outfall line participating districts to discuss infiltration and inflow into the Outfall Line.

The Mansfield Board approved and completed projects to inspect for illegal pump sumps connected to the sewer service, as well as paid for the video-taping and cleaning of residential service lines. Mansfield found 8 illegal sump pumps connected to the sewer system. The homeowners were required to disconnect or daylight the connections. All homeowners have complied.

The Hillcrest Board has approved a 2017 expense to inspect for illegal sump pump connections within its service area. Illegal sump pumps connected to the sewer system have a significant impact on increased flows in the sewer system.

In addition, Hillcrest's Board is considering a metering program to better understand flows into the Outfall Line. This annual expense could be in excess of \$50,000 and since it pertains to the Outfall operations, would be allocated to the five Outfall partners.

The following four tables can be used in the preparation of your 2017 budget. In addition to Treatment Fees, the two principal components of the Outfall budget are annual Operating and Maintenance and the Outfall's share of the State Loan associated with the 2013 capital projects. Table 1 shows what Operations and Maintenance costs are expected to be in 2016 vs. what was budgeted to be spent in 2016.

**Table 1 Summary of Estimated 2016 Operation and Maintenance Costs vs. Budget**

District	Estimate	Budget
Hillcrest	\$ 8,899	\$ 9,605
Mansfield	5,017	5,415
Devonshire Heights	1,180	1,274
Cherry Hills North	4,427	4,778
Cherry Hills Village	3,178	3,430
Total estimated 2016	\$ 22,700	\$ 24,502

Table 2 presents a summary of the Outfall's share of the two semi-annual payments made in 2016 for the SRF loan and the projected amount to be paid in 2017. As shown in Table 2, the amount due by all of the Outfall participants in 2016 for SRF payments will be \$14,447, which equals 43.00% of the total payment due of \$33,598. In 2017, the Outfall amount due will remain the same, and will be split between the Outfall participants as shown in the Table 2. The last document attached to this Report is the final Debt Service Schedule for the Loan. As you can see, the Annual Debt Service payment remains constant through the term of the loan.

**Table 2 Summary of SRF Loan Payment**

District	2016 Actual	2017 Budget
Hillcrest	\$ 5,663	\$ 5,663
Mansfield	3,193	3,193
Devonshire Heights	751	751
Cherry Hills North	2,817	2,817
Cherry Hills Village	2,023	2,023
Total SRF loan payment	\$ 14,447	\$ 14,447

As reflected in Table 3 and 4 below, in addition to the SRF loan payment of \$14,447, there is \$2,500 budgeted to cover general maintenance, engineering and administration of the Outfall Line in 2017. As noted above, the Hillcrest Board is still evaluating a metering program that could dramatically change those numbers. It should also be noted that (1) the 2016 video review indicated that 19 manholes within the Outfall Line are in some level of need for repair; and (2) because of higher than previously observed levels of sludge buildup (possibly due to the 2015 flood), we expect to jet clean the Outfall Line every other year instead of every fourth year. The costs of rehabbing the deteriorated manholes have been



estimated at \$59,570. Due to the large increase in service treatment fees from Metro, the Hillcrest Board intends to defer that maintenance. The jet cleaning cost of about \$7,000 is expected to impact the 2018 budget. Also, during the 2016 video review, 30 service lines were identified as having some level of need for repair. Those homeowners will be receiving a letter from Hillcrest regarding potential issues with their service line.

**Table 3 Outfall Line 2017 Budget Charges to Districts**

District	O&M	SRF	Total
Hillcrest	\$ 980	\$ 5,663	\$ 6,643
Mansfield	552	3,193	3,745
Devonshire Heights	130	751	881
Cherry Hills North	488	2,817	3,305
Cherry Hills Village	350	2,023	2,373
Outfall total budget charges	\$ 2,500	\$ 14,447	\$ 16,947

**Table 4 Summary of 2017 Budget Expenditures for the Outfall Line**

Administration	\$ 2,500
SRF- Debt service	14,447
Outfall total budget expenditures	<u>\$ 16,947</u>

Pursuant to the terms of the IGA, please respond to me, in writing, with any questions or concerns you may have, no later than November 1, 2016. My email address is: [sblair@crsofcolorado.com](mailto:sblair@crsofcolorado.com).

Very truly yours,

**HILLCREST WATER & SANITATION DISTRICT**



Sue Blair  
District Manager

Attachments: 2016 Annual Report  
Outfall Line Reserve Account Statement as of 8/31/16  
Final Debt Service Schedule

Hillcrest Water & Sanitation District  
 Outfall Line Expenses Shared by All Districts

2016 ANNUAL REPORT

Billed to Districts for 2016

Invoice Date	Invoice Number	Check Number	Check Date	Service Provider	Outfall Invoice Amount
1/5, 2/2	6081, 6140	1710	3/15/2016	CRS	\$ 315.00
1/8	86230	1711	3/15/2016	Kennedy/Jenks	75.19
4/11	100711	1720	6/21/2016	Kennedy Jenks	505.73
4/4, 5/10	6319, 6413	1719	6/21/2016	CRS	539.30
8/18, 7/14	102338, 103197	1738	10/7/2016	Kennedy/Jenks	2,582.40
7/11, 9/6	6541, 6855	1737	10/7/2016	CRS	451.25
8/15/2016	10593	1738	10/7/2016	Dale's Environmental Services	9,735.30
		Wire		State - Loan	14,447.00
<b>Subtotal</b>					<b>\$ 28,651.17</b>

Hillcrest 39.2%	Mansfield 22.1%	Devonshire 5.2%	CH North 19.5%	CH Village 14.0%	Total 100.0%
123.48	69.62	16.38	61.43	44.10	315.00
28.47	16.62	3.91	14.68	10.53	75.19
188.25	111.77	26.30	98.62	70.80	505.73
211.41	119.19	28.04	105.16	75.50	539.30
1,012.30	570.71	134.28	503.57	381.54	2,582.40
176.89	99.73	23.47	67.99	63.18	451.25
3,816.24	2,151.50	508.24	1,898.38	1,362.94	9,735.30
5,663.22	3,182.78	751.24	2,817.17	2,022.58	14,447.00
<b>11,231.26</b>	<b>6,331.91</b>	<b>1,489.86</b>	<b>5,586.98</b>	<b>4,011.16</b>	<b>28,651.17</b>

Estimated Amounts Remaining to be Billed for 2016

Administrative Expenses	\$ 2,794.45
Maintenance Expense	\$ 2,765.00
Engineering Expenses	2,936.68
<b>Subtotal</b>	<b>\$ 8,496.13</b>

Hillcrest 39.2%	Mansfield 22.1%	Devonshire 5.2%	CH North 19.5%	CH Village 14.0%	Total 100.0%
1,085.42	617.57	145.31	544.92	391.22	2,794
1,083.88	611.07	143.78	639.18	387.10	2,765
1,151.18	648.01	152.71	572.65	411.14	2,937
<b>3,330.48</b>	<b>1,877.64</b>	<b>441.80</b>	<b>1,656.75</b>	<b>1,189.46</b>	<b>8,496</b>

TOTAL ESTIMATED CHARGES TO BE BILLED IN 2016

<b>14,561.74</b>	<b>8,209.55</b>	<b>1,931.66</b>	<b>7,243.72</b>	<b>5,200.62</b>	<b>37,147.30</b>
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Summary Statement

August 2016

Hillcrest Outfall Line Committee

c/o Community Resource Services 7995 E Prentice Avenue, Suite 103E  
 Greenwood Village, CO 80111  
 U.S.A.

**COLOTRUST PLUS+**

Average Monthly Yield: 0.70%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
CO-01-0915-8001 RESERVE FUND	5,127.52	0.00	0.00	3.01	19.15	5,129.08	5,130.53

**COLOTRUST PRIME**

Average Monthly Yield: 0.30%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
CO-01-0915-2686 General - 2686	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<b>Total</b>	<b>5,127.52</b>	<b>0.00</b>	<b>0.00</b>	<b>3.01</b>	<b>19.15</b>	<b>5,129.08</b>	<b>5,130.53</b>
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Account Statement

August 2016

Hillcrest Outfall Line Committee

c/o Community Resource Services 7995 E Prentice Avenue, Suite 103E  
 Greenwood Village, CO 80111  
 U.S.A.

**COLOTRUST PLUS+      CO-01-0915-8001**

**Summary**

		Beginning Balance	Contributions	Withdrawals	Income Earned	Average Daily Balance	Month End Balance
		Average Monthly Yield: 0.70%					
CO-01-0915-8001	RESERVE FUND	5,127.52	0.00	0.00	3.01	5,129.08	5,130.53

**Transactions**

Transaction Date	Transaction Description	Contributions & Income Earned	Withdrawals	Balance	Transaction Number
08/01/2016	Beginning Balance			5,127.52	
08/31/2016	Income Earned For The Period	3.01			
08/31/2016	Ending Balance			5,130.53	

**EXHIBIT C**  
**WATER POLLUTION CONTROL REVOLVING FUND**  
**LOAN REPAYMENT SCHEDULE**  
**HILLCREST WATER AND SANITATION DISTRICT, ACTING BY AND THROUGH ITS HILLCREST SEWER ENTERPRISE**  
**Loan Number: #W13F311**

On or before the first of each date, commencing on May 1, 2014 the  
Governmental Agency shall pay the amount set forth below:

<b>LOAN DATE:</b>	5/2/13
<b>LOAN AMOUNT:</b>	\$839,900
<b>INTEREST RATE:</b>	2.000%
<b>TERM (YEARS):</b>	20

**INTEREST DATE:** 04/01/14

1st Amendment

PAYMENT DATES	PAYMENT	PRINCIPAL REDUCTION (1)	PRINCIPAL	REMAINING PRINCIPAL	CALCULATED INTEREST
				\$839,900.00	
5/1/2014	\$3,248.09		\$2,181.59	\$637,718.41	\$1,086.50
11/1/2014	\$19,827.88		\$13,450.50	\$624,267.91	\$6,377.18
4/3/2015		\$108,863.17		\$517,404.74	
5/1/2015	\$16,433.55		\$10,357.10	\$507,047.64	\$6,076.45
11/1/2015	\$16,799.12		\$11,728.84	\$495,318.00	\$5,070.48
5/1/2016	\$16,799.12		\$11,845.93	\$483,473.07	\$4,953.19
11/1/2016	\$16,799.12		\$11,884.39	\$471,588.68	\$4,834.73
5/1/2017	\$16,799.12		\$12,084.03	\$459,424.65	\$4,715.09
11/1/2017	\$16,799.12		\$12,204.87	\$447,219.78	\$4,594.26
5/1/2018	\$16,799.12		\$12,328.92	\$434,892.86	\$4,472.20
11/1/2018	\$16,799.12		\$12,450.19	\$422,442.67	\$4,348.93
5/1/2019	\$16,799.12		\$12,574.89	\$409,867.98	\$4,224.43
11/1/2019	\$16,799.12		\$12,700.44	\$397,167.54	\$4,098.68
5/1/2020	\$16,799.12		\$12,827.44	\$384,340.10	\$3,971.68
11/1/2020	\$16,799.12		\$12,955.72	\$371,384.38	\$3,843.40
5/1/2021	\$16,799.12		\$13,085.28	\$358,299.10	\$3,713.84
11/1/2021	\$16,799.12		\$13,216.13	\$345,082.97	\$3,582.89
5/1/2022	\$16,799.12		\$13,348.29	\$331,734.68	\$3,450.83
11/1/2022	\$16,799.12		\$13,481.77	\$318,252.91	\$3,317.35
5/1/2023	\$16,799.12		\$13,616.59	\$304,636.32	\$3,182.53
11/1/2023	\$16,799.12		\$13,752.76	\$290,883.56	\$3,046.38
5/1/2024	\$16,799.12		\$13,890.28	\$278,993.28	\$2,908.84
11/1/2024	\$16,799.12		\$14,029.19	\$268,964.09	\$2,769.93
5/1/2025	\$16,799.12		\$14,169.48	\$248,794.61	\$2,629.84
11/1/2025	\$16,799.12		\$14,311.17	\$234,483.44	\$2,487.95
5/1/2026	\$16,799.12		\$14,454.29	\$220,029.15	\$2,344.83
11/1/2026	\$16,799.12		\$14,598.83	\$205,430.32	\$2,200.29
5/1/2027	\$16,799.12		\$14,744.82	\$190,685.50	\$2,054.30
11/1/2027	\$16,799.12		\$14,892.26	\$175,793.24	\$1,908.86
5/1/2028	\$16,799.12		\$15,041.19	\$160,752.05	\$1,767.93
11/1/2028	\$16,799.12		\$15,191.60	\$145,560.45	\$1,607.62
5/1/2029	\$16,799.12		\$15,343.52	\$130,216.93	\$1,455.80
11/1/2029	\$16,799.12		\$15,496.95	\$114,719.98	\$1,302.17
5/1/2030	\$16,799.12		\$15,651.92	\$99,068.06	\$1,147.20
11/1/2030	\$16,799.12		\$15,808.44	\$83,259.62	\$980.66
5/1/2031	\$16,799.12		\$15,966.52	\$67,293.10	\$832.60
11/1/2031	\$16,799.12		\$16,126.19	\$51,166.91	\$672.93
5/1/2032	\$16,799.12		\$16,287.45	\$34,879.46	\$511.67
11/1/2032	\$16,799.12		\$16,450.33	\$18,429.13	\$348.79
5/1/2033	\$16,799.12		\$16,614.83	\$1,814.30	\$184.29
11/1/2033	\$1,832.44		\$1,814.30	\$0.00	\$18.14
<b>Total</b>	<b>\$646,110.08</b>	<b>\$108,863.17</b>	<b>\$633,036.83</b>		<b>\$113,073.25</b>

(1) Remaining project funds totaling \$108,863.17 applied as principal reduction

## **Mansfield Experience with Inspection & Enforcement Relative to Illegal Sump Pumps and Faulty Service Lines**

- June 12, 2015 Following several days of heavy rains the flow in the Hillcrest outfall line reached maximum capacity of 1.3 million gallons per day and functionally obstructed. Sewage then backed up into the lower levels of at least 7 homes causing significant property damage (See Analysis by Kennedy/Jenks).
- July, 2015 Mansfield sent a letter to all of its members in July 2015 stating that homeowners were required to disconnect and reroute any sump pump that was discharging into the sanitation system. This letter was similar to the one Hillcrest had already sent to its members in July.
- October, 2015 Following multiple board meetings to discuss the events of June 12th, the Mansfield board voted unanimously to institute a mandatory inspection of all member homes for illegal sump pumps and faulty service lines.
- November 18, 2015 The Mansfield board adopted a new set of Rules & Regulations codifying its policies on inspection and enforcement relative to illegal sump pumps and faulty service lines.
- January 8, 2016 Mansfield held a town meeting for its members at the Cherry Hills Village Center to explain the new policies. It was indicated that the inspections would be done at the expense of the Mansfield district. Mansfield paid \$75 per home for inspection for illegal sump pumps and \$125 for video inspection of service lines.
- January-June, 2016 Inspections were performed of 159 of 162 member homes. The remaining non compliant homeowners have received notices of the consequences for not arranging an inspection (initially fines and eventually loss of sanitation &/or water service). Eight illegal sump pump connections into the sanitation system were discovered (5% of member homes) and rerouting in a legal manner has been documented in 4 of the 8 to date.
- June 2016 Mansfield has not begun to require homeowners with faulty service lines to implement repairs, but will rely on Kennedy/Jenks, using standard criteria, to identify the service lines that are most in need of repair.

### **Other Pertinent Information & Viewpoints**

Low Compliance of Members to Instructional Letters: The fact that the home inspection by Mansfield six months after the July letter found 8 illegally connected sump pumps is consistent with the low voluntary compliance rate found in a national survey. In 2006 under a consent decree Northern Kentucky Sanitation District #1 funded a large national survey of over 350 sanitation districts. The study found that letters similar to those sent by Mansfield and Hillcrest result in a compliance rate of about 20% (<http://www.wefnet.org/utility/Library/OTHER/Reports/SD1%20Private%20Source%20Report.pdf>).

**Outsized Effect of Illegally Connected Sump Pumps:** An informational discussion by Global Water, Inc. on the internet (<http://www.globalw.com/support/inflow.html#what>) states that an 8 inch pipe can accommodate the wastewater from up to 200 homes, but only 8 illegally connected sump pumps will surcharge an 8 inch pipe causing a functional obstruction. The sharp rise in flow in the Hillcrest outfall line on June 12, 2015, would be most consistent with the activation of sump pumps rather than a rapid increase in infiltration (Figure 1). If the other four districts making up the Hillcrest basin system have the same rate of illegal sump pumps as Mansfield, i.e., 5%, then there are another 28 illegal sump pumps remaining among the 577 homes which have yet to be inspected.

**Large Amount of Rainwater in the Hillcrest Outfall Line:** Analysis (by WCK) of the daily flow data from the Hillcrest-Metro flow meter for the last 6 years provides strong evidence that at least 56% of the fluid that is sent to Metro is rainwater, i.e., infiltration and inflow (Table 1). Thus, we could potentially reduce fees to Metro by 50% if we could eliminate most of the rainwater. In addition, Metro is currently building a new treatment facility at a cost of 0.5 billion dollars to handle the increasing volume of 'wastewater'. All users of Metro facilities will pay for this new facility. However, if users kept rainwater out of the system, the new facility probably would have been unnecessary.

**Increasing Maximum Flow Through the Hillcrest System Over Time:** The heavy rain in and around June 12, 2015 was associated with the first clear incident of infiltration and inflow of rain water causing a functional obstruction of the Hillcrest outfall line. Some have said that the rain storm was a very unusual occurrence and is unlikely to happen again. However, examination of 11 years of flow data from the Hillcrest-Metro flow meter from 2005 through 2015 shows that a new record high flow through the Hillcrest system occurred every 2-3 years (Figure 2). At the same time, the Hillcrest system, and the service lines in particular, continue to age; and members may be installing more illegal sump pumps in response to the trend toward heavier rains over time.

**Installation of Back Flow Valves:** Homeowners who have experienced a sewage back up from a functional obstruction in the outfall line lose confidence in their sanitation system and feel compelled to install back flow valves - these cost several thousand dollars, require regular maintenance, and occasionally malfunction. At least 4 of the 6 Mansfield members whose homes were damaged during the June 12, 2015 functional obstruction of the Hillcrest outfall line have installed back flow valves. Installation of back flow valves simply moves the risk of flooding to the homeowners who are next up the line and increases the risk of sewage escaping from manholes into the environment in violation of the federal Clean Water Act. The later event may result in attention from the Environmental Protection Agency, an agency empowered to levy significant fines.

**Special Districts May Not Be Immune to Tort Claims:** We are concerned that the districts could be sued by members who suffer damage to their homes from sewage back ups. Special districts lose their state immunity if they do not maintain their facility. " 'Maintenance' means the act or omission of a public entity ... in keeping a facility in the same general state of repair or efficiency as initially constructed or in preserving a facility from decline or failure." (Colorado Governmental Immunity Act [CGIA] CRS 24-10-106(1) (f))

**The Hillcrest Basin Districts Potentially Can Sue One Another Under Contract Law:** We are concerned that further damage to homes in the Hillcrest basin could result in one

district suing another. All of the Hillcrest basin districts have signed the Second Amended and Restated Intergovernmental Agreement (January 1, 2011) requiring them to substantially eliminate rainwater from their individual sanitation systems. Contract claims are not protected by the Governmental Immunity Act (CRS 24-10-105 and 106).

Need for All Five Districts in the Hillcrest Basin to Conduct Inspections & Enforcement: We need your help! The five sanitation districts that comprise the Hillcrest system function as one entity. We believe that the greatest threat for another surcharge, functional obstruction, and sewage back up into homes comes from the potential of a burst of activity of illegal sump pumps during times of heavy rainfall. Mansfield cannot solve the problem of illegal sump pumps alone. It is our hope that the other four districts will join Mansfield in the effort to make our common sanitation system safe and reliable, and at the same time reduce the payment of excessive fees to Metro. Therefore, we ask you to consider instituting an inspection and enforcement program focused on the elimination of illegal sump pumps. While it is also desirable to significantly reduce infiltration, it is much easier and less expensive to focus on an inspection and enforcement program to eliminate illegal sump pumps.

Mansfield Will Share Its Experience with Inspection and Enforcement: Mansfield will be happy to share the details of its experience relative to the initiation of an inspection and enforcement program to eliminate illegal sump pump discharge and to reduce infiltration through faulty service lines.

**Table 1. Evaluation of Infiltration & Inflow in the Hillcrest Basin Sanitation System – 2010-15**

Parameter \ Year	2010	2011	2012	2013	2014	2015	Average
Total Annual Flow Volume (MG)	91.05	82.61	66.30	46.14	49.89	79.59	
Maximum Monthly Flow Volume During a Year (MG)	10.31 (May)	9.16 (May)	6.56 (Jun)	4.80 (Jan)	5.84 (Jul)	12.94 (Jun)	
Minimum Monthly Flow Volume During a Year (MG)	5.60 (Feb)	6.25 (Jan)	4.23 (Aug)	3.22 (Jul)	2.60 (Feb)	3.33 (Jan)	
% of Annual Flow Volume Estimated to be Rainwater (rel to min month during a yr)	17%	12%	24%	20%	31%	51%	26%
Maximum High Daily Flow Volume During a Year (MG)	0.41 (Apr 24)	0.36 (Jul 16)	0.24 (Jun 9)	0.25 (Mar 4)	0.39 (Jul 31)	1.10 (Jun 12)	
Minimum Low Daily Flow Volume During a Year (MG)	0.20 (Feb 13)	0.19 (Jan 29) 0.19 (Mar 26)	0.11 (Aug 11)	0.08 (Apr 4)	0.08 (Jan 18) 0.08 (Feb 16)	0.08 (Jan 17)	
% of Annual Flow Volume Estimated to be Rainwater (rel to min day during same yr)	20%	17%	39%	38%	43%	64%	37%
% of Annual Flow Volume Estimated to be Rainwater (rel to min day during all 6 yrs)	68%	65%	56%	38%	43%	64%	<b>56%</b>
Maximum High Flow Rate During a Year (MG/D)	0.68 (Apr 24)	0.71 (Jul 16)	<b>1.03 (Jun 6-12)</b>	0.43 (Dec 18)	0.63 (Jul 30)	<b>1.30 (Jun 12)†</b>	
Minimum Low Flow Rate During a Year (MG/D)	0.07 (Nov 6)	0.05 (May 7)	0.03 (Jul 3)	0.01 (Apr 8)	0.01 (Feb 25)	0.02 (Jan 25)	
Days with Maximum Flow Rate 50-75% of Capacity (1.3 MG/D)	7	14	0	0	0	8	4.8 dy/yr
Days with Maximum Flow Rate > 75% of Capacity (1.3 MG/D)	0	0	7	0	0	3	<b>1.7 dy/yr</b>

† Flow into Hillcrest outfall line exceeded the outfall line's flow capacity causing a functional obstruction; sewage backed up into multiple homes.



# Analysis by Kennedy/Jenks

## Hillcrest Outfall - 10 inch

### Project Description

Friction Method                      Manning Formula  
Solve For                                Normal Depth

### Input Data

Roughness Coefficient	0.010
Channel Slope	0.45 %
Diameter	10 in
Discharge	1.30 mgd

*Per record drawings, min. slope is between 0.4% and 0.45%*

### Results

Normal Depth	8.78 in
Flow Area	73.06 in <sup>2</sup>
Wetted Perimeter	24.27 in
Hydraulic Radius	3.01 in
Top Width	6.55 in
Critical Depth	7.63 in
Percent Full	87.8 %
Critical Slope	0.58 %
Velocity	3.96 ft/s
Velocity Head	2.93 in
Specific Energy	11.71 in
Froude Number	0.72

*Peak meter reading on 6/12/15 from Metro flow meter at University. (Reading will never get higher than this because of pipe capacity at 0.45% slope)*

Maximum Discharge	1.33 mgd
Discharge Full	1.23 mgd
Slope Full	0.50 %
Flow Type	SubCritical

*max. flow that pipe will allow through at a slope of 0.45% (Additional flow will back up into manholes & services)*

### GVF Input Data

Downstream Depth	0.00 in
Length	0.00 ft
Number Of Steps	0

### GVF Output Data

Upstream Depth	0.00 in
Profile Description	
Profile Headloss	0.00 ft
Average End Depth Over Rise	0.00 %
Normal Depth Over Rise	87.78 %
Downstream Velocity	Infinity ft/s

Figure 2.

### Hillcrest 10 Year Flow Rates

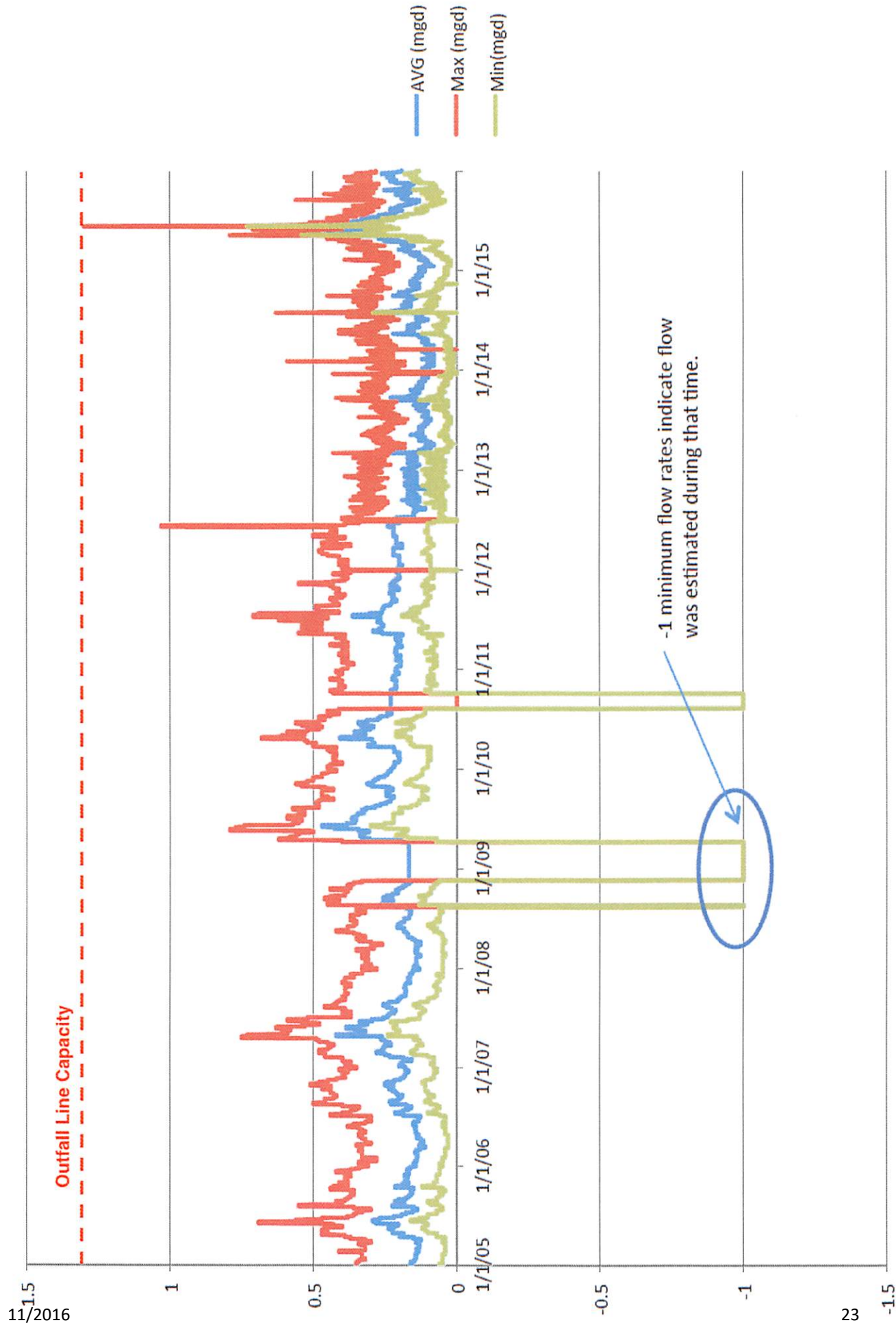
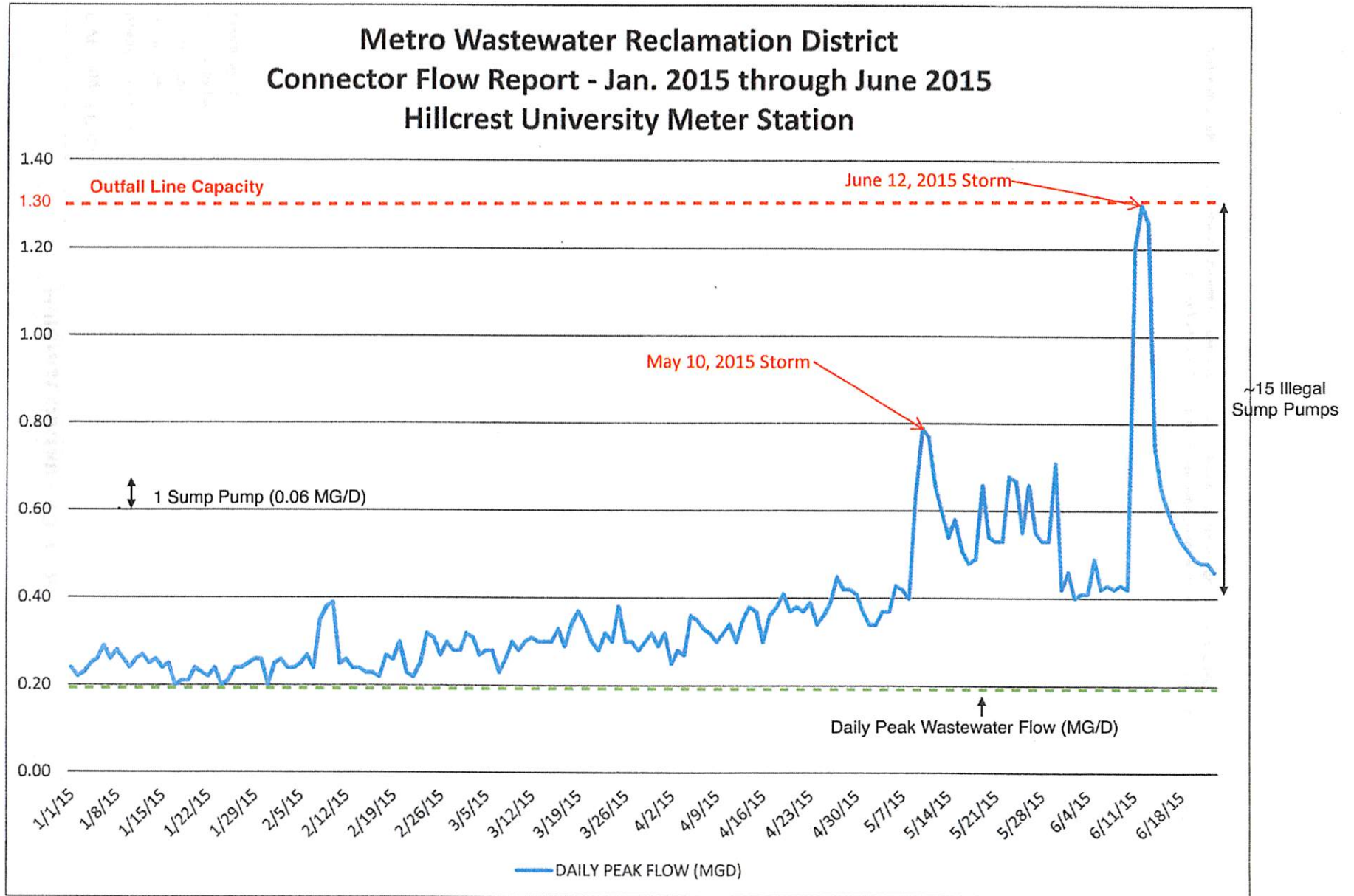




Figure 1A.



## LIABILITY ENDORSEMENT

This endorsement modifies coverage provided under the following:

### PUBLIC ENTITY LIABILITY COVERAGE FORM

### SANITATION MAINTENANCE WARRANTY DEDUCTIBLE ENDORSEMENT

### PLEASE READ CAREFULLY

This endorsement has been adopted effective January 01, 2017 to January 01, 2018.

The Named Member District, by its execution hereof, agrees that it has reviewed and accepts Terms and Conditions 1 & 2, and failure to do so will invoke the stated deductible of this Sanitation Maintenance Warranty Deductible Endorsement.

As an authorized representative of the Named Member District's Board, I have reviewed and accept the Terms and Conditions of the Sanitation Maintenance Warranty Deductible Endorsement, in addition to any other applicable deductible.

**Named Member District:** Cherry Hills North Metropolitan District

Projected Total Operating Expenses (TOE) for Sanitation Operation: \$67,000.00

#### Basis of Deductible

Coverage	Deductible Amount Varies by District's Projected TOE for Sanitation Operations		
	Total Operating Expense (000)	Per Claim Deductible	Annual Aggregate Deductible
Sanitation Maintenance Warranty Deductible	\$0 - \$500	\$3,500	\$10,500
	\$500 - \$1,000	\$7,500	\$22,500
	\$1,001 - Higher	\$15,000	\$45,000
Public Entity Liability			

#### TERMS AND CONDITIONS:

The following are the minimum components necessary for an appropriate sanitation collection system maintenance program which the Named Member must have in place and be at least 90% compliant at the time of loss or the indicated deductible shall apply.

##### 1. Operation Parameters and System Information

- a. Sewer mains, manholes, and other appurtenances to the public sanitary sewer system are mapped at least bi-annually, (frequency to be set by the district board) based upon factors unique to the district, with cost being weighed against the objectives of the district, and considering efficiency; safety, protection of infrastructure; prevention of breach and damage to



- district facilities; the health, safety, and property of others;
- b. Maps are updated regularly as errors are identified and when mains are added or replaced by the system;
- c. Maps reflect "as-built" conditions; at minimum maps indicate: 1) pipe material; 2) pipe diameter; and 3) direction of flow; pipe locations, including depth if possible;
- d. A written line inventory maintained and updated regularly to include at a minimum: 1) pipe age; 2) pipe condition and 3) maintenance history;
- e. There is a written Plan detailing the routine inspection and maintenance schedule for all sewer lines;
  - i. The Plan establishes goals for routine inspection and maintenance intervals, and indicates the nature of tasks to be conducted;
  - ii. In addition to the Plan for routine inspection, there is written Action Plan describing an accelerated cleaning schedule of lines with problems (grease, tree roots or other known or suspected unusual conditions);
- f. Emergency Response Plan for sanitation back-ups and other conditions that may cause either flooding or damage to private property;
  - i. Documentation that defines and establishes the criteria for responding to an emergency;
  - ii. Designation of one or more personnel as "On-Call" after business hours;
  - iii. Clear procedures for contacting on-call personnel in case of emergency.

**2. Routine Sanitation Line Maintenance**

- a. Work completed in accordance with the Plan and carefully documented as to: 1) date; 2) nature of work conducted; 3) equipment used; 4) personnel performing the work and 5) recommended level and frequency of follow-up inspection, maintenance and repair;
- b. At least 10% of all sewer mains are systematically inspected through closed circuit TV annually;
- c. Regular routine TV inspection of sewer mains will be conducted at intervals dictated by: 1) results of initial inspection; 2) history of maintenance; 3) repairs and 4) pipe age and condition;
- d. Accelerated Cleaning Plan is carefully documented as to: 1) date; 2) nature of work conducted; 3) equipment used; 4) personnel performing the work and 5) level and frequency of follow-up inspection, maintenance and repair;
- e. If an outside contractor is used for: 1) inspection; 2) maintenance or 3) repair work, the District and contractor responsibilities are clearly defined and documented;
- f. District will audit the contractor annually to ensure that personnel, equipment, scheduling, and emergency response needs are adequately met;

By: \_\_\_\_\_  
 Duly Authorized Representative

10/06/2016

Print Name and Title:

District Board must sign and return a copy to McGriff, Seibels, Williams, Inc., P.O. Box 1539, Portland, OR 97207-1539.