

RECORD OF PROCEEDINGS

**MINUTES OF REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
HOLLY HILLS WATER AND SANITATION DISTRICT
AND THE BOARD OF DIRECTORS OF THE
WATER UTILITY ENTERPRISE
HELD
MARCH 15, 2017**

A Regular Meeting of the Board of Directors of the Holly Hills Water and Sanitation District and the Board of Directors of the Water Activity Enterprise (referred to hereafter as "Board") was convened on Wednesday, the 15th day of March, 2017, at 7:00 p.m., at the Skyline Firehouse, 6000 E. Yale Avenue, Denver, Colorado 80222. The meeting was open to the public.

Directors In Attendance Were:

Raymond V. Henney
Irina Bovee
David Plaul
William Dilatush

Also In Attendance Were:

AJ Beckman; Special District Management Services, Inc.

Timothy J. Flynn, Esq.; Collins Cockrel and Cole, P.C.

Richard Cassens; ENS Consulting, LLC

James Riley; Resident

Kathleen Conti; Arapahoe County Board of County Commissioners

**ADMINISTRATIVE
MATTERS**

17.70 Agenda: Mr. Beckman presented the Agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director Henney seconded by Director Bovee and, upon vote, unanimously carried, the Agenda was approved, as presented.

17.71 Minutes: The Board reviewed the minutes of the February 15, 2017 Regular Meeting and the February 21, 2017 Continued Regular Meeting.

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Following discussion, upon motion duly made by Director Dilatush seconded by Director Plaul and, upon vote, unanimously carried, the minutes for the February 15, 2017 Regular Meeting and the February 21, 2017 Continued Regular Meeting were approved.

LEGAL MATTERS

17.72 Statement of Purpose: Attorney Flynn reported to the Board that this matter is not ready for adoption. The Board deferred discussion to a subsequent meeting.

17.73 Denver Water's Gross Reservoir Hydropower Relicense Application: Attorney Flynn reviewed with the Board. He noted that he will revise the letter to include the estimated population of the District and modify the signature block so that the letter can be signed by the District's Manager.

Following discussion, upon motion duly made by Director Henney seconded by Director Plaul and, upon vote, unanimously carried, the Board authorized Attorney Flynn to revise the letter and transmit it to the Federal Energy Regulatory Commission.

17.74 Executive Session: The Executive Session scheduled for this time on the Agenda was deferred until later in the meeting.

FINANCIAL MATTERS

17.75 Approval of Claims: Mr. Beckman then reviewed with the Board the claims for the period ending March 15, 2017, as follows:

General Fund:	\$ 13,676.11
Capital Projects Fund:	\$ -0-
Enterprise Fund:	\$ 116,465.68
Total:	<u>\$ 130,141.79</u>

Following review and discussion, upon motion duly made by Director Plaul, seconded by Director Bovee and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending March 15, 2017, as presented.

17.76 Unaudited Financial Statements: Mr. Beckman reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, and budget analysis for the periods ending February 28, 2017.

Following discussion, upon motion duly made by Director Henney, seconded by Director Bovee and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the periods ending February 28, 2017.

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17.77 Delinquent Accounts: Mr. Beckman reviewed the Delinquent Accounts list with the Board.

OPERATIONS

17.78 Sewer Backup: Attorney Flynn reported to the Board that the Riley's have retained Counsel, and as of the date of the meeting have not accepted the settlement offer extended by the District. Attorney Flynn further explained that the District is extending the offer in good faith to settle the matter and that in making the offer and that by extending the same, the District is not admitting liability for the sewer backup that occurred on December 24, 2016.

Kathleen Conti, an Arapahoe County Commissioner joined the meeting at this time and explained that she was attending at the request of Mr. Riley and that he had briefed her on the sewer back up. Ms. Conti was of the understanding that remnants from a sewer re-lining project were found at the blockage point. Attorney Flynn explained that the District contracts with a sewer maintenance provider to clean approximately one-third of the system every 6 months. Based upon the District's cleaning and other maintenance practices, the District's insurance provider determined that the District did not deviate from the applicable standard of care in the industry and accordingly, was not at fault with respect to the sewer line backup. Attorney Flynn further explained that the District, based upon its cleaning and sanitizing policy has expended amounts beyond the no fault coverage under the District's insurance policy for the purpose of cleaning and sanitizing the Riley's residence.

Mr. Riley noted that the first responder was Denver Wastewater. The employee with Denver Wastewater refused to unblock the stoppage at the manhole once it was confirmed that the District is not within Denver Wastewater's service area. Director Paul then amplified why, in his opinion, the District is not at fault with respect to the sewer backup. Mr. Riley disagreed and explained to the Board why, in his opinion, he believes the District was at fault and should compensate him for his loss. Mr. Paul noted that he did not intend to offend or upset Mr. Riley and explained that he is sensitive to catastrophic losses having been the victim of a house fire several years ago.

Ms. Conti asked for clarification as to what "coupons" are. Mr. Cassens explained that they are the remnants from cutting through sewer line relining material in order to create an opening for service lines to drain into the main line. Attorney Flynn, explained that the source of the coupons is not known for certain at this point in time. Ms. Conti explained that in her opinion insurance is intended to cover such incidents and noted that Mr. and Mrs. Riley have suffered a great deal as a result of the incident.

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17.79 Sewer Line Cleaning: Mr. Beckman reported to the Board that he has requested an update from Patrick Carroll.

17.80 Grease Trap Inspections: Mr. Beckman reviewed the report with the Board.

CAPITAL PROJECTS

17.81 2017 Capital Projects: Mr. Cassens discussed with the Board the next section of main line recommended for relining. The estimated cost of this section is \$81,700. He noted that there are approximately 8,368 feet remaining to be relined. He estimates that by 2020 all sections recommended for maintenance will be complete. The Board discussed replacing the line from Manhole 86 to Manhole 87 and replacing the tee within manhole 87. Mr. Cassens noted that there are numerous “drop manholes” within the district, most of which have the tee located outside the manhole. Mr. Cassens then reviewed with the Board designs for drop-manholes with a “drop-bowl” design. Mr. Riley commented that the bowl design seems superior. Mr. Cassens will report back on cost estimates for replacing the line from manhole 86 to manhole 87 and on the cost of installing a drop bowl in manhole 87. The District’s President noted that the replacement of this reach of sewer line is a high priority for the Board and emphasized the need to proceed as expeditiously as possible. He further noted that he is available to meet with Mr. Cassens and the Engineer prior to the next Board meeting to work further on this matter.

EXECUTIVE SESSION

17.82 Executive Session: Following a brief discussion, at approximately 7:59 p.m., pursuant to Section 24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Henney, seconded by Director Bovee and, upon an affirmative vote of all Directors present, the Board convened in executive session for the purpose of receiving legal advice with respect to the sewer backup matter on December 24th and determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators.

Those present during the executive session consisted of Directors Henney, Bovee, Paul and Dilatush; Legal Counsel and District Manager.

The executive session lasted approximately 41 minutes and was not recorded because it constituted a privileged attorney-client communication for which no electronic recording is required. At approximately 8:40 p.m. the Board returned to open public meeting.

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ADJOURNMENT


There being no further business to come before the Board at this time, upon motion duly made, seconded and, upon vote, unanimously carried, the meeting was adjourned at approximately 8:50 p.m.

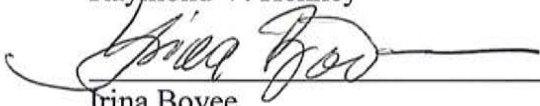
Respectfully submitted,


By: 

Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL MARCH 15, 2017 MINUTES OF THE HOLLY HILLS WATER AND SANITATION DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:


Raymond V. Henney


Irina Bovee

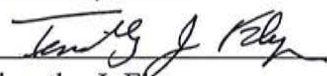

William Dilatush


David Plaul

ATTORNEY STATEMENT

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I, Timothy J. Flynn, state that I am general counsel for the Holly Hills Water and Sanitation District and that I was present at the time the Board convened in Executive Session on Wednesday, March 15, 2017 at approximately 7:59 p.m. I further state that the Executive Session was not recorded because it constituted a privileged attorney-client communication, and that no electronic recording thereof was necessary. The Board did not adopt any proposed policy, position, rule, regulation or take any formal action during the Executive Session.

Date: April 19, 2017.

Signature: 

Timothy J. Flynn