

# HAMILTON CREEK METROPOLITAN DISTRICT

## BOARD OF DIRECTORS MEETING

Wednesday, September 14th, 2016

### Attending Board Members:

Bob Bruno                      Chuck Harris  
Bob Hinman                     Ruth Carroll

### Others Attending:

Tom Oberheide, Administrator                      Matt Willitts, Water Solutions  
Kelly Baldwin, Accountant                             Bob Pietrzyk, Audit

The meeting was called to order at 2 pm by Bob Bruno

### Minutes:

The minutes from September 14 were reviewed and approved unanimously (Hinman/Carroll,4-0)

### Audit Report:

Tom O. reported that the 2015 audit was completed by McMahan and Associates and submitted on the last day of July. All Board members have received a copy of the audit. The auditors recommended several changes to our financial practices.

Segregation of Duties: Tom O. described our current practice where he logs in all payments and prepares the deposit. Kelly receives the log and reconciles against the deposit.

Capitalization Policy: Recommended items over \$5,000. And a useful life of 3 years or more be capitalized. Through discussion it was decided that items like individual asphalt patches that are small should be expensed even though a total invoice is over the \$5k threshold. Large single patches that meet the threshold will be capitalized. Motion to accept this policy (Harris/Hinman, 4-0 in favor)

Hinman asked if we had a complete Policy Manual. Tom O. said that he is in the process of gathering up all info he can find to build a Policy Manual.

Loan Principal Payments: Recommended that they be included in the annual budget and be recorded in the general fund.

Discussed McMahan's adjusting entries and all agreed that they appear to be appropriate.

Kelly asked the Board's thoughts about the audit process. She felt it was good, Hinman agreed. Bruno asked about the process for issuing checks. Hinman described the process which all agreed meets the separation of duties test. Currently Hinman and Bruno are the only signers on the account. Hinman suggested another signer. It was agreed that Ruth would also be added as a signer. Ruth suggested that we adopt a policy requiring two signers for checks over \$20K. Motion to adopt (Carroll/Harris, 4-0 in favor)

Kelly suggested we get on McMahan's schedule soon for our 2016 audit. No objections to McMahan. Hinman will get an engagement letter from McMahan.

### **Banking:**

Hinman would like to change banks from 1<sup>st</sup> Bank to Alpine Bank. 1<sup>st</sup> Bank requires us to open a new account when we change account administrators. Motion to change banks (Hinman/Carrol, 4-0 in favor) Ruth to be added as signer on the new account.

Bob Pietrzyk reported that he had reviewed reconciliations for May, June and July and has found no irregularities.

### **2017 Draft Budget:**

Group participated in a line by line review and discussion of the 2017 proposed budget. Several changes to descriptions requested. Change "Bond" wording to "Loan" on both Principal and Interest Expense. Change "Treasurer Fees" to County Treasurer Fees" and add "Phone" to "Utilities- Internet" . Membership Dues will be reduced to \$1K. Legal might be low at \$10K due to unknowns of lawsuits. Discussed the high failure rate (20%) of water system MTU's which transmit water usage data. Currently under 15 year warranty but a cost is being incurred for installation of the replaced units. Kelly explained that "Operations Manager" is fee paid to Water Solutions and "Water Systems maintenance" is for water plant supplies.

"Water System Capital" has been increased to \$20K . There are potentially additional bills to come for the water plant upgrade design by FEI engineers. Also need to address the agreed upon fire hydrant near the Schlesingers. Additional discussion about the need to locate or install three valves which are needed to provide a higher availability of service in the event of a water main break.

### **Water Operations:**

Matt Willitts of Water Solutions gave the water operations report. The issue of replacing the failed water treatment membranes is at a standstill until we get a formal written response from CDPHE as to the acceptability of the available membranes.

The "wiffle ball" project has been completed and we are waiting for the CDPE to come on site for a test of our solution.

Matt described the new regulations related to lead and copper in drinking water and the testing we are doing that may need to be modified to comply with the regulations.

WSI will be providing Tom O. with a formal Operations Agreement.

### **Administrator's Report:**

Tom discussed the spots of asphalt damaged during snow plowing operations last winter. Helton has repaired the one at the Hand's drive and an area on Heather's Way but did not take responsibility for a spot on the Pietrzyk's drive as they felt it was an already deteriorated area.

The group discussed the 2016/17 snow plowing contract with Helton and the parameters of when they plow. Currently it is done when there is 2 or more inches of snow on Hamilton

Creek Road.

Ideal Fence company has replaced the damaged section of guardrail on the hairpin above Spinning Leaf for \$2,700.00.

It was agreed that there is no requirement for the District to install water mainline extensions to lots 2,3 and 4 on Lakeview circle and that the water line currently in place meets the Districts obligation to provide water.

Septic pumping and inspection of 33 units has been completed for 2016.

**Legal Update:**

Polich's lawyer Harvey Steinberg has entered a motion for dismissal on the grounds that The Enclave case and our case should have been tried together per an existing Colorado statute. This will be heard at an August 16<sup>th</sup> hearing with three witnesses lined up. They are Polich's previous attorney, the Sheriff's department scheduling clerk, and Rusty, the previous prosecuting attorney.

In the matter of the civil case, Chuck Harris said that we have engaged a law firm on a contingency basis to pursue a civil action against the two audit firms involved. We currently have a forensic auditor engaged in reviewing our information and he will provide a written report. The attorney will decide how to proceed in this matter once we have the complete auditor's report.

The matter of how far back to include in a suit and whether to pursue Polich has not yet been decided.

Dan O'Brien has met with the auditor and gone over where we are in the process.

The attorney , Dan Sloane has sent a letter to the previous audit firm informing them of a possible action.

**Other Old Business: No additional**

Next Meetings: November 9, 2016.

The meeting was adjourned by Bob Bruno.

Respectfully Submitted,

Bob Bruno, weak stand in for Bill Ferris, Secretary