

## CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

## REGULAR MEETING OF THE BOARD OF DIRECTORS

February 17, 2009

The regular meeting of the Board of Directors of the Cherry Creek Valley Water and Sanitation District was held at the District Offices, 2325 S. Wabash Street, Arapahoe County, Colorado at 7:00 P.M. on February 17, 2009.

PRESENT

Sheldon K. Ginsberg – Chairman  
Paul Hanley – Vice Chairman  
Paul Thayer – Secretary/Treasurer  
Louis D. Halsell Jr. - Director

OTHERS PRESENT

John R. Warford – Manager  
Chuck Buchanan – Maintenance Supervisor  
Darryl Farrington – Semple, Miller, Mooney & Farrington P.C.  
Carmine Iadarola – AquaSan Network  
J.M. Fay – Resident

ABSENT

Jorge-Ayn Riley

Mr. Ginsberg, Chairman of the Board, called the meeting to order at 7:00 p.m., with a quorum present of himself, Lou Halsell, and Paul Hanley. Mr. Warford informed the Board that Director Jorge-Ayn Riley was ill. Without objection, her absence was excused.

Mr. Halsell made a motion to approve the minutes of the Board meeting on January 22, 2009. Mr. Hanley seconded the motion. Motion passed unanimously.

Director Paul Thayer arrived.

Next on the agenda was the Treasurer's Report and Bills Payable. Mr. Warford mentioned a few of the payable items, including the costs incurred dealing with the line break in Mississippi, and the meter replacement program.

At this time, the Board discussed the District's investments, focusing on the question whether to place funds in the Bernstein Global Wealth Management municipal bond program, as discussed at the special meeting on January 15, 2009. Mr. Hanley advocated investing some amount in that program, as a means of earning 3-4%, as opposed to the very low rates available in other forms of investment. He noted the statistics that had been presented by the Bernstein representatives regarding the low default rates, and emphasized that the parameters would include requirements concerning the ratings of the bonds included in the District's portfolio. He suggested a low percentage be in "A" bonds, 20-30% in "AA" bonds, and the remainder in "AAA" bonds. He also expressed the view that it would be wise to take some funds out of Smith Barney's management for diversification. Mr. Warford expressed concerns about the safety of municipal and state bond investments in the current financial market, citing the example of California's financial problems. Mr. Hanley noted that Bernstein would avoid any bond issues that presented any significant risk. Chairman Ginsberg asked if there was a motion concerning investments and Mr. Hanley then moved to invest \$5 million in the Bernstein municipal bond program, with

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established risk and rating parameters as he had previously mentioned. There was no second. Mr. Halsell expressed hesitancy and said he would like to defer the question for another month. Mr. Hanley indicated he had no problem with that. After discussion, it was the Board's consensus to table the issue of the Bernstein municipal bond program until the March meeting. In the meantime, Mr. Warford will inform the Smith-Barney representatives that the District is considering that option.

Mr. Halsell made a motion to receive the Treasurer's Report and to pay the Bills Payable and Mr. Hanley seconded the motion. The motion passed unanimously.

Mr. Ginsberg then opened the meeting to the public for any comments. Ms. Fay offered written comments which Mr. Farrington read to the Board, which are summarized as follows:

- In reference to the rescheduling of the January meeting to a Thursday night, Ms. Fay objected to the Board choosing a night other than Tuesday when a rescheduling is necessary, because she has conflicts on most other nights and wants to be able to attend the meetings.
- What is the status of the 2009 conservation plan?

Next Mr. Iadarola presented his water report, which was also submitted in written form to the Board. Highlights included:

- The District's water court case for the Wabash storage project decree is scheduled for August 23, 24, and 25, 2010. Based on recent communications, there is an expectation of settlement with Denver Water, Parker, and Aurora. Other opposers will probably follow Denver's lead, so it is predicted that the trial will not be necessary. Mr. Iadarola complemented the job that Matt Poznaovic and Steve Boand are doing with regard to that case. Mr. Warford said it might be worthwhile to sit down with Frank Yeager of Parker and see if that would move settlement along more quickly.
- The Reuter-Hess Reservoir dam is completed and the reservoir is beginning to fill, although there is currently insufficient water to utilize the full capacity of the reservoir.
- Denver Water Board is continuing to work on its new Conservation Plan, and will submit the plan to the distributors for review, and will hold public hearings. One feature of the plan is the "disaggregation" of water sales to show where the water is going with greater specificity.
- The South Metro Water Supply Authority (comprised of members in Arapahoe and Douglas Counties) is pursuing the idea of bringing Flaming Gorge Reservoir water from SW Wyoming to the Colorado Front Range. This is generating conflict with a private interest that is promoting a similar project. The Army Corps of Engineers is ready to move ahead with the project, but water rights issues with the Green River have been raised. An organization called the Front Range Water Council is seeking a delay of the project.
- There are a number of pieces of water-related legislation noted in the written report, the most important for the District being SB 147 authorizing substitute water supply plans.

Next on the agenda was the Manager's Report. Mr. Warford mentioned the following matters:

- Pursuant to the Board's authorization and Smith-Barney's advice, he purchased U.S. Treasury-backed securities at 1.32%. There is currently five million in the Smith-Barney money market fund.
- Mr. Warford requested that Mr. Farrington inform the Board of the status of the discussions between DCJE, the District, and Arapahoe County concerning the alignment of Wabash and the issue of DCJE's detention pond. Mr. Farrington said they had met with DCJE and the County and the indications are favorable for a curved road and the approval of the detention pond for school campus drainage on the West side of Wabash. Final approval will not be possible until the District submits plans for the detention pond.

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Mr. Warford indicated they were shooting for the first of April to submit the plans. In the meantime the District has not yet deeded the property for the bridge to Arapahoe County.

President Ginsberg noted that the next item on the agenda was an executive session to discuss employee compensation. Mr. Thayer moved to go into executive session for that purpose as authorized by CRS 24-6-402(4)(f), "personnel matters". Mr. Halsell seconded the motion. Motion passed unanimously.

All present except the Board and Mr. Warford departed at 7:42 p.m., and the Board entered executive session at that time. The Board came back into open session at \_\_\_\_\_ p.m.

There being no further matters to come before the Board, Mr. Hanley made a motion to adjourn. Mr. Thayer seconded the motion. The motion passed unanimously. Chairman Ginsberg declared the meeting adjourned at 8:15 p.m.

READ AND APPROVED Paul R. Thayer DATED 3/17/09