

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

July 20, 2010

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 July 20, 2010.

PRESENT

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

OTHERS PRESENT

John R. Warford – Manager
Lisa Desmond – Administrative Assistant
Chuck Buchanan – Maintenance Supervisor
Carmine Iadarola – AquaSan Network
Ron Dvorak – McLaughlin Rincon
Darryl Farrington – Semple, Farrington & Everall P.C
Ty Holman – Haynie & Company
J.M. Fay – Resident

ABSENT

Jorge-Ayn Riley – Director

Mr. Hanley, Chairman of the Board, called the meeting to order at 7:02 p.m.

Mr. Hanley stated Mrs. Riley would not be able to attend this evening and asked if there was a motion to excuse. Mr. Halsell made a motion to excuse Mrs. Riley for her absence. Mr. Thayer seconded. Motion was carried.

Mr. Hanley asked if there were any corrections or additions to the minutes of the June 15, 2010, Board meeting. There were none. Mr. Halsell made a motion to approve the minutes as presented. Mr. Ginsberg seconded the motion. Motion carried.

Next on the agenda was the Treasurer's Report and Bills Payable. Mr. Warford reported that there were several checks issued for refunds of overpayments. Check # 21608 to Arapahoe County is for permitting on the Wabash Bridge and drainage project. Check # 21621 is to National Meter for our on going meter replacements. Check # 21622 to Haynie & Company is for preparation of the audit. Check # 21635 to Waste Management is higher this month due to the use of a roll off for the removal of buildings next door and some cleanup. Check # 21662 to Petrock & Fendel for water-related legal is still a bit more than usual. Matt Poznanovic has been in ongoing negotiations with City of Aurora and Arapahoe County Water & Wastewater Authority. Mr. Hanley asked if there were any other questions regarding the Treasurer's Report and Bills Payable. There were none. Mr. Thayer made a motion to receive the Treasurer's Report and to pay the Bills. Mr. Ginsberg seconded the motion. The motion carried.

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Next on the agenda Ty Holman presented the final draft of the Audit. There were no significant findings in terms of material weaknesses or significant deficiencies. After this draft is approved and the report is finalized you will receive a letter which will contain required communications related to the audit. Service fee revenue increased 6% in 2009 which is slightly higher than 4% in 2008. Overall the District's net assets increased by \$272,000.00 in 2009. Operating expenses increased by \$363,000 in 2009 which was due to higher maintenance costs. Total net assets ended at around \$46 million. Of which \$12,875,000.00 represents capital assets the remainder would be unrestricted assets. There was a loss from water operations of around \$645,000.00 there was a gain from sewer operations of about \$419,000.00 this combined with non-operating items resulted in the change in net assets of \$272,000.00 which was previously mentioned. Cash flows showed a net increase of approximately \$184,000.00 which is pretty consistent with the prior year which saw an increase \$199,000.00. There were no significant changes to accounting policies. The District falls under the Colorado Public Deposit Protection Act which covers all cash that is over the amount that is covered by Federal Cash Insurance. \$250,000.00 is FDIC insured; \$160.00 is category 1 (cash on hand) and is not insured. \$383,969.00 is not FDIC insured but is covered by the Colorado Public Deposit Protection Act. There were no changes in policy for investments. Year end Investments were as follows: approximately \$17,000,000.00 US Treasury Obligations, \$6,000,000.00 Bonds, \$8,700,000.00 Money Market Mutual Funds. In Capital assets there was a single addition of \$8,026.00 in truck and equipment. There was a slight decrease in Long Term Liabilities compensated absences. There were no significant contracts or agreements that were entered into in 2009. Pension plan contributions for 2009 & 2008 were approximately 23% of covered payroll. Under risk management the District is a member of the Colorado Special Districts Property and Liability Pool. There were no significant changes in commitments & contingencies from prior years. The actual revenue amounts were below the budgeted by approximately \$286,000.00 due mainly to water service fees and investment income coming in below what was budgeted. Actual expenditures came in under budget by around \$529,000.00 and overall the District came in under budget by around \$243,000.00. Mr. Hanley asked if there were any questions for Mr. Holman regarding the Audit Report. There was discussion concerning the obligations to the Denver Campus for Jewish Education; however, these were not finalized until 2010. There were no other questions.

Mr. Hanley then opened the meeting for public comments. Ms. Fay offered a written comment which Mr. Farrington read to the Board: 1) Wondering why nothing has been said about Proposition 60, 61, and 101? You have not had anyone present at the new Arapahoe Coalition Group meetings either. Considering how this affects the Water District, I hope I will hear some discussion on this and how it affects you. 2) Still seeing a lot of sprinkler systems that are directed at the street and sidewalk. Are you going to do anything about it or direct them to stop? (Prospect Village etc.) Mr. Hanley indicated he was opposed to the proposed initiatives but did not think the District would be seriously impacted because the District does not have plans to incur debt and we have no mill levy. Mrs. Fay stated that to the extent the District considered itself an "enterprise" under TABOR, it would be affected by Amendment 60, which would assess property taxes against enterprises. Mr. Farrington concurred that the proposed Amendment 60 did contain such a provision and would impact TABOR-exempt enterprises.

There being no other public comments Mr. Hanley went to the next item on the agenda Mr. Iadarola's report.

- **Wabash Complex** – The District has settled with Aurora Water with the insertion of some proposed wording from the City of Aurora, which was acceptable to Staff. Mr. Warford feels that now that the objections posed by Aurora are resolved, Arapahoe County Water and Wastewater Authority will also be satisfied. The ALV#2 has been taken out of the decree due to a problem with the location. District staff will review the coordinates of the well will come back and look at this at another time and possibly use it in a different manner.

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- **Conservation** - Denver Water agreed to review the use of "social marketing" as a substitute for tiered water rates criteria that is required to be part of the District's conservation if CCV could match Denver Water system wide reduction of 18% in consumption. According to District data the District has reduced it water demand by about 26%. Denver Water's proposed agreement to all distributors still includes the tiered rates so CCV will have to meet with Denver again to see if the social marketing plan will be acceptable.
- **Stontia Springs Reservoir** – A \$30 million contract has been awarded for dredging the reservoir to remove sediment.

Mr. Hanley asked if there were any comments regarding Mr. Iadarola's report. There were none so they moved on to the Manager's Report.

Mr. Warford reported that there has not been much progress on the Wabash Reservoir/Bridge at this point. The board was given a draft of upcoming items from Ron Dvorak as well as a copy of the information from the last weekly progress meetings regarding the bridge. Mr. Warford stated that he has a bid from Concrete Express for the retention pond and piping and will be obtaining a second bid and he will be presenting those to the Board at the next meeting. The biggest problem on the bridge project right now is the rerouting of the bike path during construction.

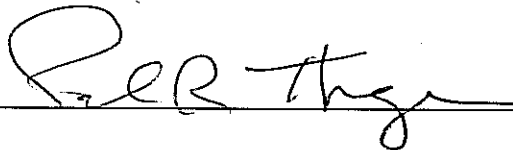
Most all of the construction on Prospect village is done. There is a section on Parker Rd, a tiered wall, that Mr. Warford is trying to get them to finish but they are waiting on a permit from the state. Mr. Dvorak stated that he is scheduling a walk through for Prospect Village

Mr. Warford and Mr. Buchanan have been active in monitoring watering. The majority of the residents have been very cooperative. However in June we had very high usages due to the dry weather.

There being no other items for regular session the Board moved into Executive Session as authorized by CRS-24-6-402(4) (b) (consultation with counsel regarding specific legal questions) to consult with Mr. Farrington concerning the lawsuit filed by J.M. Fay challenging the District's May 4 election. Mr. Halsell made a motion to move to Executive Session for the stated purpose. Mr. Thayer seconded the motion. Motion carried. The Board entered executive session at 8:03 P.M.

The Board came out of executive session at 8:23 P.M.

READ AND APPROVED

 DATED Aug 24, 2010