

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

January 22, 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 January 22, 2009.

PRESENT

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

OTHERS PRESENT

John R. Warford – Manager
Chuck Buchanan – Maintenance Supervisor
Darryl Farrington – Semple, Miller, Mooney, Farrington
Carmine Iadarola – AquaSan Network
Ron Dvorak, McLaughlin Rincon
J.M. Fay – Resident (arriving near the end of the meeting)
Craig Miller, Smith Barney
Gregg Kennedy, Smith Barney

Mr. Ginsberg, Chairman of the Board, called the meeting to order at 7:01 p.m., with a quorum present of himself, Paul Thayer, and Paul Hanley. He acknowledged that the meeting had been noticed for Thursday this month only, rather than the regular date and time of the third Tuesday.

Mr. Hanley made a motion to approve the minutes of the Board meeting on December 16, 2008. Mr. Thayer seconded the motion. Motion passed unanimously.

Mr. Hanley made a motion to approve the minutes of the special Board meeting on January 9, 2009. Mr. Thayer seconded the motion. Motion passed unanimously.

Directors Riley and Halsell arrived at 7:04 p.m.

Next on the agenda was the Treasurer's Report and Bills Payable. Mr. Warford mentioned a few of the payable items, including the SDA membership fees, and repair and traffic control costs relating to a line break on Parker Road. Mr. Hanley made a motion to receive the Treasurer's Report and to pay the Bills Payable and Ms. Riley seconded the motion. The motion passed unanimously.

Mr. Ginsberg then opened the meeting to the public for any comments. There were none.

Next Mr. Miller and Mr. Kennedy presented their report concerning District investments. It was noted that the District's 2008 investment income of \$762,000.00 would not be equaled in 2009 due to the drastic drop in rates. Mr. Kennedy discussed a strategy of purchasing \$6,100,000.00 in Federal Farm Credit bonds that are subject to call in three or four months. This would allow the District to obtain a somewhat higher rate of return until the bonds are called, for a net \$72,000.00 gain compared with investing in only Treasury Bills and the money market. He noted that if the Farm Credit bonds are not called, they would earn 2.5% and mature in three to four years. Mr. Kennedy indicated they would need a direct authorization on the day of the transaction. Mr. Hanley made a motion to authorize John Warford to do all acts and things necessary to complete the purchase of \$6,100,000.00 in Federal Farm Credit Agency bonds when Smith Barney notified him that the transaction was ready. Ms. Riley seconded the motion. The motion passed unanimously.

Mr. Miller and Mr. Kennedy departed at 7:40 p.m.

Next Mr. Iadarola thanked the Board for changing the date of the meeting so that he could attend the inauguration in Washington, D.C. He said it was cold, but very inspiring. Mr. Iadarola then gave his water report, which was also submitted in written form to the Board. Highlights included:

- The District's disclosure documents have been sent to the opposers in the District augmentation plan case.
- The Denver Water Board is working on its new Conservation Plan, and will submit the plan to the distributors for review, and will hold public hearings.
- The Cherry Creek Country Club Laramie-Fox Hills well is proving insufficient to meet the augmentation requirements of the SOS, and so the District has been contributing water from its well.
- Prices for Colorado River water are going up. The highest so far is \$30,000.00 per acre foot.
- The Windy Gap Reservoir "firm-up" has drawn strong opposition from EPA and Grand County interests.
- An overview of the Colorado/Big Thompson Project history and current issues and conflicts.
- Water demand on the West Slope is increasing due to preparations for oil shale extraction using heat to liquefy the oil and water pressure to pump it out. Shell Oil has filed claims on the Yampa River and wants to build a large reservoir. This has potential impacts on California supplies, and Shell is proposing a new desalinization plant in Southern California to offset the losses from the Colorado River.
- Centennial Water District (Highlands Ranch) is working on a deal to acquire 26,000 acre feet in Chatfield Reservoir, at \$6,500.00 per acre foot.
- Latest snow pack figures from around the state, all exceeding 100% of normal.
- Pumping restrictions on movement of water from Northern California to Southern California have reduced the SoCal supply by 30%.
- Controversy is building around the efforts to protect the "Delta Smelt" an endangered fish

that lives in the Sacramento River drainage. Some believe the protective measures are contributing to the 30% unemployment rates in California's Central Valley agricultural industry.

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

- The final development plan (FDP) for the Prospect Village development has been received.
- The new County library is scheduled to open in February. (J.M. Fay provided the information that the library will be named the "Eloise May Library." Eloise May is currently the director of the Arapahoe County Library District.)

Next Mr. Warford indicated that the Board needed to designate meeting times and places and the locations for posting notice of meetings. He said he did not have a form of resolution prepared, but all of the information would be the same as for 2008 except that one of the posting places would be the new library, rather than the Albertsons. He said he had been using both the Cunningham Fire Protection District Fire Station and the administration building, and would probably discontinue posting at the Fire Station after the library opened, since the law requires only three posting locations within the District, plus the County offices.

Mr. Warford proposed that the Board adopt the following provisions concerning meetings and posting of notices:

1. The Board of Directors of the Cherry Creek Valley Water and Sanitation District will hold its regular meetings on the third Tuesday of each month, commencing at 7:00 p.m., at the offices of the District located at 2325 S. Wabash Street, Arapahoe County, Colorado, for the purpose of conducting any and all business as may come before the Board.

2. The following locations within the boundaries of the District are hereby designated as those places at which notice of regular and special meetings of the Board of Directors of the District shall be posted:

Eloise May Library
1471 South Parker Road

District Office
2325 South Wabash Street

Cunningham Fire Protection District Administration Building
2015 South Dayton Street

Cunningham Fire Protection District Station 61
2250 S. Emporia Street
(this posting may be discontinued when the library opens)

3. In addition to the foregoing locations within the boundaries of the District, notice of regular and special meetings will also be posted at the office of the Clerk and Recorder for Arapahoe County, 5334 South Prince Street, Littleton, Colorado.

4. The agenda will be available for inspection during regular business hours at the District office at the above address, not less than 24 hours before commencement of each regular and special meeting of the Board.

Mr. Hanley made a motion to adopt and approve the meeting times and location and places of posting notice as stated by Mr. Warford. Mr. Thayer seconded the motion. The motion passed unanimously.

Chairman Ginsberg asked if anyone else had anything to report. Mr. Dvorak mentioned that the Indian Creek development was in the plan review stage.

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 8:05 p.m.

READ AND APPROVED Peter R. Thayer DATED 2/17/09