

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

March 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 March 17, 2009.

PRESENT

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

OTHERS PRESENT

John R. Warford – Manager
Chuck Buchanan – Maintenance Supervisor
Darryl Farrington – Semple, Miller, Mooney & Farrington P.C.
Carmine Iadarola – AquaSan Network (Arriving at 7:10 p.m.)
Craig Miller – Smith Barney/The Inverness Group
Gregg Kennedy - Smith Barney/The Inverness Group
J.M. Fay – Resident

Mr. Ginsberg, Chairman of the Board, called the meeting to order at 7:00 p.m., with a quorum present.

Mr. Ginsberg asked if there were any corrections or changes to the minutes of the February 17, 2009, Board meeting. Mr. Hanley noted that the time for the ending of the executive session and adjournment needed to be inserted. Mr. Warford indicated that should read “8:15 p.m.” Mr. Hanley made a motion to approve the minutes of the Board meeting on February 17, 2009, as corrected. Mr. Thayer seconded the motion. Motion passed unanimously.

Next on the agenda was the Treasurer’s Report and Bills Payable. Mr. Warford mentioned a few of the payable items, including \$18,690.00 incurred in slip-lining a pipe near South Uinta Way and the Highline Canal. He said this was a difficult repair because the area was constricted so that only small equipment could be used. He also mentioned the Metro Water Providers dues, the bills to National Meter, and the South East Metro Storm Water Authority (SEMSWA) assessment. In connection with the meter replacement program, Mr. Warford mentioned that the District was saving costs by having its own employees do the work. Mr. Ginsberg asked if the meter replacement had a water conservation effect. Mr. Warford said that older meters tend to under-record use, so that replacement may increase the customer’s cost and provide an incentive to use less water.

Mr. Halsell made a motion to receive the Treasurer’s Report and to pay the Bills Payable and Mrs. Riley 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:

- The new Library on Parker Road has space for posting notice of public meetings.
- What is the status of the 2009 conservation plan?
- Four Square Mile* should be notified of any work in streets and roads

* The Four Square Mile Subarea is an official land use planning area of Arapahoe County. It is roughly the area bounded by Quebec on the West, Mississippi on the North, Dayton on the East, and Yale on the South. The Four Square Mile Subarea Plan guides growth and development decisions in the Four Square Mile area. It illustrates a generalized pattern of future land uses and serves as a policy guide to update the County's land use regulations within the Subarea.

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Mr. Iadarola's report was next on the agenda, but Mr. Iadarola had not yet arrived. Mr. Warford noted briefly that the report mentioned the status of the District's water court cases, and that in his experience it may be some time before the cases are resolved because many objectors wait until the case is close to trial before focusing on settlement.

Mr. Ginsberg noted that it had come to his attention that there had been a significant increase in the cost of well permits.

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

- The District's accounting on the Cherry Creek Country Club water usage is up to date. Mr. Iadarola has taken that task over from Mr. Steve Board so that Mr. Board will have time to focus on the Wabash Project court cases.
- In water court, the District is continuing to assert the right to account for Denver Aquifer water based on the actual rate of use rather than the maximum possible rate.
- Reservoir levels are holding at 99% of last year's levels.
- Colorado River Water is being claimed for wetlands support in the Yuma, AZ area.
- HB 1174 has passed, essentially forgiving pre-1974 depletions. Mr. Warford said he thought it would create problems, because some people shut their wells down and complied with the rules, and they would have a claim that they are being treated unfairly compared to those who went ahead and pumped. Mr. Iadarola said he didn't think there was a viable alternative because it is too difficult to quantify the depletion effect of the pre-1974 pumping. He explained the issue as being "lag depletions" which describes the way in which the effects of water extraction are not felt until 20-30 years later.
- Fremont County has been given the green light from the State Engineer to build a new water storage and delivery system.

Next, Craig Miller and Gregg Kennedy presented a memo and discussion concerning their ideas on portfolio recommendations for the District, and responding to the Board's questions about the current Smith Barney account statement and options for the future. Their recommendations focused on municipal bond investment. The general themes were as follows: (1) there are positive signs that "normalcy" is returning to the credit markets; (2) in order to approximate previous investment earnings levels, the District will have to put more of its money in somewhat riskier investments; and (3) properly selected municipal bonds, though somewhat riskier than restricted money markets and treasury bills, offer a relatively safe source of higher yields. Messrs Miller and Kennedy advocated placing \$12 million in municipal bonds over the next few months, as quality bonds come available, with a realistic goal of an annual yield of 3.94%. They also recommended moving the money market funds into Citi Institute Liquid Reserves, which invests only in securities authorized for public entities in Colorado, with a somewhat higher yield because it invests in longer term securities (but never beyond 90 days). They made a number of favorable comments about Smith Barney's leadership and standing in the municipal bond market and research capabilities.

Mr. Warford cautioned the Board against taking a higher level of risk, and indicated it may be wiser to accept a lower yield and use some principal for operating costs if necessary.

After extensive discussion, the Board instructed Mr. Warford to set up a special meeting in the near future to discuss the information from Smith Barney and others, and to make decisions on the District's investments. Messrs Miller and Kennedy left the meeting.

Next Ms. Riley reminded the Board of previous discussions about nominating Mr. Warford for the Colorado Special District Association (SDA) Distinguished Manager Award. Mr. Warford said he appreciated the Board thinking of him, but he would like to see Rita Hiller honored for her work as office manager/administrative assistant in light of the long hours she has spent and

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the excellent work she has done for the District. Ms. Riley indicated the SDA did not have a category for Ms. Hiller's position. It was the general consensus that the Board would honor Ms. Hiller in a different manner.

Ms. Riley then moved that the Board adopt the following resolution:

BE IT RESOLVED that John Warford, Manager of the Cherry Creek Valley Water and Sanitation District be and hereby is nominated for the

Mr. Thayer second the motion. All directors present voted "aye" and the resolution was declared adopted unanimously. Ms. Riley indicated she would inform the Special District Association.

There followed a brief discussion concerning the SDA Distinguished Board Member award, but no action was taken.

Next on the agenda was the Manager's Report, which included the following items.

- The development plan for Prospect Village has been approved. Each apartment will be separately metered in accordance with Denver Water requirements.
- The Willow Miss development has been purchased by the Alberts, and has submitted a revised development plan.
- Mr. Iadarola is nearing completion of the conservation study for the District and has indicated the report will be submitted to the Board in April.
- Denver Water has expanded watering restrictions to include no watering between 10:00 a.m. and 6:00 p.m. (it was formerly 5:00 p.m.), and to keep restrictions in place until October 1 (it was formerly September 1).
- Mr. Farrington and Mr. Warford have a meeting scheduled with DCJE to learn the status of DCJE's and Arapahoe County's agreement concerning the alignment of South Wabash Street and related issues. The District has not yet conveyed the parcel that Arapahoe County needs for the bridge, pending the alignment decision.
- The District will need data from DCJE for a storm water study in preparation for the detention pond design.

There being no further matters to come before the Board, Mr. Thayer made a motion to adjourn. Mr. Halsell seconded the motion. The motion passed unanimously. Chairman Ginsberg declared the meeting adjourned at 8:30 p.m.

READ AND APPROVED

Paul R. Thayer DATED April 21/09