

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

September 21, 2011

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 September 21, 2011.

PRESENT

Paul Hanley – Chairman
Jorge-Ayn Riley – Vice-Chairman
Louis D. Halsell Jr. – Director
Mark Lampert – Director

OTHERS PRESENT

John R. Warford – Manager
April Clendenin – Accountant
Chuck Buchanan – Maintenance Supervisor
Jacob James – McLaughlin Water Engineers, Ltd
Darryl Farrington – Semple, Farrington & Everall, P.C.
J.M. Fay – Resident

ABSENT

Paul Thayer – Secretary/Treasurer

Mr. Hanley, Chairman of the Board, called the meeting to order at 7:05 p.m.

Mr. Hanley asked if there were any corrections or additions to the minutes of the August 16, 2011 Board meeting and the August 30, 2011 Board meeting. There were none. Mr. Lampert made a motion to approve the minutes as presented. Mrs. Riley seconded the motion. Motion carried.

Next on the agenda was the Treasurer's Report and Bills Payable. Check # 22592 is to Clearview for \$450.00 for window cleaning at the main office, done about twice each year. Check # 22610 is to Concrete Express for \$89,598.35 for the construction project for the storm sewer and pond fill-in by Denver Campus for Jewish Education. Their total bid was about \$98,000. Mr. Warford added that there was an additional charge that he had agreed to for supporting a power pole while under construction. That was supposed to be the only extra, but Concrete Express is now asking for another extra for seeding on the slopes because of the various grades on the slopes, for about another \$3,000. Mr. Warford says that he is in negotiation with them on that. The extra for the power pole support was necessary because they had to have Xcel come in because Xcel would not allow Concrete Express to hold it up themselves as they originally thought. Mr. Hanley asked if there were any other questions regarding the Treasurer's Report and Bills Payable. Mrs. Riley said that there was a check for a small amount for a description of breakroom supplies and asked what that was for. Mrs. Clendenin answered that that particular check, to David Winkle, was to reimburse the employee for purchasing coffee and creamer for the office. Mr. Lampert made a motion to receive the Treasurer's Report and to pay the Bills. Mr. Halsell seconded the motion. The motion carried.

Mr. Hanley asked for a volunteer from the Board to act as temporary secretary to sign the minutes that were approved at the meeting tonight. Mrs. Riley volunteers. Mr. Lampert made a motion to appoint Mrs. Riley as temporary secretary to sign the minutes. Mr. Halsell seconded the motion. The motion carried.

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Mr. Warford stated that there has been some activity with the investments at Smith Barney. He said that it hasn't been moving real fast, but Gregory Kennedy with Smith Barney has told him that it will likely pick up speed on the re-investments. Mr. Hanley asked for clarification on the investments being made, are they Treasuries now? Mr. Warford answered that they are still buying agency bonds now, but he did instruct them to buy Treasuries if the Treasuries stay in the yield mode that they are in now if the money couldn't be moved relatively soon via the agency bonds, since over half of the portfolio is in cash. Mr. Lampert mentioned that Board agreed to this at the last Board meeting – to go ahead and move into the Treasuries if the others could not be purchased because of their limited size. Mr. Hanley added that he had lunch with Jonathan Fung with Bernstein and their big investment guy who was at a meeting once before would be in town later this month. Mr. Warford responded that Bernstein has done very well with where they are at with their investments, and added that it is a Board decision as to whether they want to stay in the municipal bonds with Bernstein. He added that since the portfolio is a small amount compared to Smith Barney that it might be wise to stay with the municipal bonds at Bernstein for now while they are making money. Mr. Lampert clarified that the District used to own even more municipal bonds, because they used to own some with Smith Barney too. Mr. Hanley commented that Treasuries have such a low yield. He thinks he saw the ten-year bonds below 2% last week. Mr. Warford said that he thinks it back up to around 2.37% today. Mr. Lampert asked about a late payment fee on the August 2011 statement from Smith Barney. Mr. Warford says that it was a mistake on their part and it will be reversed on the next statement.

Mr. Hanley then opened the meeting for public comments. Ms. Fay offered a written comment which Mr. Farrington read to the Board as follows: "It's not right of this Board to change meeting times of a regular meeting at the last minute to attend another meeting at Planning as it had a topic that affected Huntington/Welch. We sent in our comments early as we planned on the regular meeting of Cherry Creek Valley. All of you, including Mr. Hanley and Mr. Lampert, could have done the same. There were other people who could have spoken on behalf of the Four-Square Mile at that same meeting. Mr. Attencio comes to mind and he was there. We had other plans for tonight. Fire District does not change regular meeting times at the last minute because they cater to the public. We suggest this Board does the same because this is not the first time you have done this. The priority of the Board is to have regular meetings at regular times – not to cancel them due to other priorities. Your choice to be on this Board, don't forget." There being no other public comments Mr. Hanley went to the next item on the agenda, the Manager's Report.

Mr. Warford reported that the detention pond project at the Denver Campus for Jewish Education (DCJE) is complete. They have billed for most of it. There will be about \$9,000 in retainage still to pay after a period of time. He added that he was pleased with the work done. Mr. Lampert asked how long the holding period is for the retainage. Mr. Warford answered 90 days, generally. Mr. James added that the advertisement period is 90 days, to be sure there are no other claims outstanding.

Mr. Warford reported that the report back from the soils engineer and the sands are not a saleable item and the District will not have to get a mining permit for the infiltration gallery, nor for the reservoir itself. Mr. Warford has instructed Mr. James to get an electrical engineer involved in doing the analysis for the type of equipment that will be needed – for instance, the pump motor. He has met with Xcel Energy to look at where the District will be pulling its power source from, what the District will need with regards to that, and which source will be easiest to get an easement for. The easement will most likely determine which source will be used. Mr. Lampert asked to confirm - it would probably have its own meter and not be pulled from the main office building. Mr. Warford answered yes, that it would have its own meter. It will be run from one of the transformers closer to the reservoir and pumps, since farther away would be significantly more expensive.

Mr. Warford says that there hasn't been much activity from the State yet, they are processing the soil permit regarding mining or general. Mr. Hanley asked if the Army Corps of Engineers has to

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issue some permits too. Mr. Warford answered that they will be involved, giving input on the application, but won't be issuing permits since the reservoir is not in the flood plain. Mr. James added that the District will have to apply to the Army Corps of Engineers for the infiltration gallery, because that is in the flood plain, but not for the reservoir itself.

Mr. Warford reported that the Jewell Circle road project, between Dayton Avenue and Parker Road, is now looking like final paving will be done by the County in April 2012. Xcel Energy has requested to open the street up again to put in new facilities. Mr. Lampert added that Xcel Energy is adding another power line underneath, so the County had asked to hold that up, because the County has a requirement about not breaking the surface, so they haven't put the top lift in on that yet. But they have done the inlet area off of Parker and Dayton, so the big rocks and big dips are gone. Mr. Warford added that they will be re-doing the grades on those and the manholes and valves will have to be lowered and raised again. Between now and April 2012, they will have to be lower or the snow plows and such will hit them. Mr. Warford also said that Xcel Energy and the substation has been an ongoing matter for years. They have talked about expanding that substation and he said he is surprised that after all the talking, they have already run two new legs out of that – one to the west and one to the east – and still did not come up with this idea before this road was built. Mr. Warford says that the County is still negotiating with the concrete contractor to do some repair and replacement because of questions of the concrete itself as it was installed, because it didn't meet their requirements.

Mr. Hanley moved to the next item on the agenda, a memorial for Sheldon Ginsberg. Mrs. Riley started by stating that she is the one who asked for this item to be put on the agenda so that the Board could get closure on it. It was first discussed in August, and she said that she wants it to be addressed before she gets too wrapped up in other things. Previous discussion included planting a tree, or donating to certain charities he and his family specified. Mrs. Riley said she hasn't asked his widow what other charities he may have wanted a contribution to go to or if there was anything else that he would have wanted us to consider. She wants to have a plan from the Board before asking the widow whether or not it would be a good idea, rather than asking the widow to decide what she wanted the Board to do. Mr. Warford added that if planting a tree is the choice, the fall and the spring are the best planting times for trees, and spring is far better in Colorado but it could be done at either time because they are boxed and canned and have a better survival rate than they used to. Mr. Hanley asked if the Board wanted to plant a tree next spring. Mrs. Riley asked which people the Board wants to invite to the dedication ceremony. The Board decided to have the family and Board members invited, and have a small reception. Mr. Lampert asked where the tree will be planted. Mr. Warford indicated that he is considering planting it in one of the parking lot medians by the District's main office. Mrs. Riley asked if the Board wanted to also have a plaque. The Board said that they would also like to have a plaque. Mr. Warford suggested a 2" or so caliber tree. Mrs. Riley asked what her budget would be to spend. Board indicated to keep it reasonable. She said she would talk to Mr. Warford about the cost of trees to keep it dignified but within reason. She said she would handle the arrangements. Mr. Lampert asked if the District had a relationship with a landscaper that was out here but is now gone. Mr. Warford said they had a relationship with a landscaper who moved way down south, and he will likely give them a call for some pricing quotes.

Mr. Hanley said that Mr. Iadarola is not here tonight, but did submit a type-written report. He asked if anybody had questions about it that Mr. Warford might be able to answer. Mr. Warford said that the report covered the rate-making policies of the Denver Water Board that he and the Board have been concerned about. He added that there were some changes over the last four to five years since the lawsuit, so the distributors felt that they were gaining some ground. But now it looks like the process they are using now is going back to their own cost-making procedures. He thinks that the TAC committee will do whatever can be done to oppose this. But the new executive person will not be very involved in the rate-making – it will likely be Mr. Good that will be. Mr. Warford believes this is very political and the distributors have been subsidizing Denver Water for years and in the last four to five years their rates have been going up at least in proportion or higher than the distributors' rates. He says that Denver is one of only two or three

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cities in the whole country that uses the policy that they do, and it's not a very favorable policy for outside users.

Mr. Hanley asked if there was anything else. Mr. Lampert thanked everybody to allowing him to take that tour last month, and thought it was beneficial for everybody. He said he appreciated all the work of putting that together, with the staff and the contractors.

Mr. Lampert said that the old Albertson's / SmartCo store is going to be a Wal-Mart for sure now. Wal-Mart closed on the land, and so they own it. And it is going to be what is called a Wal-Mart Neighborhood Market, which is a grocery store only. It will be the first one in Colorado. They have them in Utah, Arizona, and Nevada that is closest by. It is just a food store, like SmartCo, plus a pharmacy. There is a technical amendment going through the County right now, but there's an opportunity to talk about the signage that's there. Otherwise, it is a done deal, right-by-use, since it's another food store just like Albertson's and SmartCo. Mr. Lampert says that he thinks this one will stay around for a while and this will be an interesting addition to the neighborhood because of their pricing. He added that Wal-Mart is the second grocery in Colorado, behind King Soopers. It's ahead of Safeway as far as volume. Mr. Farrington asked if they are staying within the same building. Mr. Lampert answered yes, but they are unsure about the hours of the store – there is currently a time restriction on that land parcel, so it cannot be open 24 hours. Most of the Wal-Mart Neighborhood Markets are open 24 hours. That may cause a full amendment, which would then cause a public hearing. He doesn't think they will want to have a public hearing. The County is double-checking the hour requirements now. The signage will be no more than what is already there; they will just put a new slide into what is already there. He says he has personally been to one Wal-Mart Neighborhood Market before in Arizona and one other in Utah. He said that it looks like a grocery warehouse store. So it will be like SmartCo, with boxes and such, but with a pharmacy. Mr. Warford says that if there is a pharmacy, then they could sell hard liquor. Mr. Lampert said that they aren't sure of that, because they can only have one store selling hard liquor in the state. If any other Wal-Mart in Colorado already sells hard liquor, then this new one cannot. He said that it would be somewhat ironic if it is the first to sell it, because the area already has other grocery / drug stores that sell hard liquor. Mr. Farrington added that there are two liquor stores right there too. Mr. Lampert said that there's probably about seven without this. Mr. Warford says that Wal-Mart will be changing their floor plan and are thinking about changing the current 1,500 gallon grease trap to be a 1,000 gallon to standardize with their other stores, but the District isn't going to allow that to be decreased.

Mr. Warford said that a developer is looking at building some new homes at Florida and Dayton. Mr. Lampert added that they are proposing 44 attached homes in an area that has been zoned for a higher density. Mr. Warford said that he thinks it was originally zoned for 18 units per acre. Mr. Lampert added that now it's down to eleven. Mr. Warford said that he heard recently that occupancy rates in Arapahoe County are at 95% to 98% now. Mr. Lampert added that construction will start up again in anticipation of zero vacancy rates coming soon. Mr. Lampert reported that at the Arapahoe County Planning Commission meeting the night before, Lugano / Prospect Village apartments said that they are at 80% occupied and will be at 100% occupied by the end of October. Mr. Warford said that there are not a lot of places in the area left to develop. Valentia Court project is being worked on. Mr. Lampert added that there are three models up at Valentia Court right now; and he's heard that the home builder's sales traffic is steady.

Mr. Hanley asked if there was any additional business. There being no further matters to come before the Board, Mr. Hanley called for the Board to adjourn. Mr. Lampert moved to adjourn, seconded by Mr. Halsell. Motion carried. Mr. Hanley declared meeting adjourned at 7:35 p.m.

READ AND APPROVED

Paul R. Thayer

DATED *oct 18-11*