

RECORD OF PROCEEDINGS

CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

JUNE 16, 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 June 16, 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
Rita Hiller - Bookkeeper
Chuck Buchanan – Maintenance Supervisor
Darryl Farrington – Semple, Miller, Mooney & Farrington P.C.
Carmine Iadarola – AquaSan Network
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 May 19, 2009, Board meeting. Mr. Hanley made a motion to approve the board meeting minutes as presented. Mr. Thayer seconded the motion. Motion passed unanimously.

Next on the agenda was the Treasurer's Report and Bills Payable. Mr. Warford stated that check #20727 represents the clean up of Fox Crossing Park in Huntington. He explained that check #20747 and 20734 which cover the purchase of a weed sprayer and a John Deere ATV. Mr. Warford explained this will be useful to maintain things around the reservoir when it is built. Mr. Ginsberg asked if there were any other comments. There were none. Mr. Halsell made a motion to receive the Treasurer's Report and to pay the Bills as presented and Mr. Thayer seconded the motion. The motion passed unanimously.

Mr. Ginsberg then opened the meeting to the public for any comments. Ms. Fay offered a written comment which Mr. Farrington read to the Board as follows: Where is the mandatory system regarding sprinklers which are spraying while it is raining? Mr. Warford said most people are being very good about not watering during the rain. For larger complexes it is more difficult because they rely on outside irrigation companies to set their sprinkler clocks.

Next Mr. Craig Miller from Smith Barney discussed the investments the District has been purchasing. He said they have been very strict in investing in \$100,000 par value. At this point they are recommending that no more money be allocated to municipal bonds. He explained that the market is changing and the best use of funds will be in the government agency. He also informed the Board Smith Barney and Morgan Stanley have merged. The company will be known as Morgan Stanley Smith Barney. Mr. Miller said that their company is protected through a private insurance policy of one billion dollars.

Mr. Greg Kennedy reviewed the investment portfolio. He explained the different average yields on the different investments. He also recommended focusing on the agency market. Mr. Kennedy

RECORD OF PROCEEDINGS

said they have been focusing on double A credit rated securities. He felt that the District's investments are properly diversified. Mr. Kennedy said they have avoided hospitals and housing bonds and have focused on State and general obligation bonds and 76% of this portfolio is insured. Mr. Ginsberg asked if there were any other questions or comments. There were none. Mr. Ginsberg thanked Mr. Miller and Mr. Kennedy for the information.

Mr. Iadarola's report was next on the agenda. He presented his water report, which was also submitted in written form to the Board. Highlights included:

- He discussed the augmentation water at the Cherry Creek Country Club.
- Denver Water is updating its Integrated Resource Plan (IRP) which includes a list of water supply projects.
- Denver Water has commissioned a study by BBC Research to determine customer knowledge relative to Denver Water rates and potential alternative rate structures. BBC listed some challenges involved in the implementation of a new rate structure.
- The Colorado Water Conservation Board has been looking at the gap in the state's water supply and its latest estimates show that water demand will begin to outpace known projects to meet demand as soon as next year.

Mr. Iadarola asked if the Board had received his revised draft of the Conservation Plan. The Board said they had received the draft. There was a brief discussion regarding tiered rates and mandatory modifications. Mr. Ginsberg expressed his opposition to mandatory modifications of water fixtures, and tiered rates, saying this is just like another tax.

After some discussion of Section 5 and Section 3, Mr. Hanley felt the report should contain a series of issues to be discussed. Therefore when presented to the public the different issues will be easier to focus on.


The Board wanted to know if there was a deadline for approving this plan. Mr. Iadarola believed there was but did not know the date. Mr. Ginsberg asked what authority the Conservation Board has to require the District to create this conservation plan? Mr. Iadarola said all water providers serving over 2,000 acre feet of water annually are required to submit a conservation plan. He said the legislature would be considering whether to put "teeth" in this requirement. Mr. Hanley felt there is a big difference between a "plan" and a "policy". He indicated a "plan" would generally not be considered legally binding. He said we do not want to put the District in the position of possible legal action.

Next on the agenda was the Manager's Report. Mr. Warford informed the Board he received the final draft of the audit today and he will get a copy of it to the Board for the next meeting.

Mr. Warford informed the Board that the Herzl School negotiations are getting closer to completion. Mr. Warford said that the District has not deeded any property to the County. Once all the negotiations, easements, etc. are completed then the deeding of the property will be done.

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



DATED

