

## RECORD OF PROCEEDINGS

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### CHERRY CREEK VALLEY WATER AND SANITATION DISTRICT

#### REGULAR MEETING OF THE BOARD OF DIRECTORS

March 16, 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 March 16, 2010.

#### PRESENT

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

#### OTHERS PRESENT

John R. Warford – Manager  
Lisa Desmond – Administrative Assistant  
Chuck Buchanan – Maintenance Supervisor  
Ron Dvorak – McLaughlin Rincon  
Darryl Farrington – Semple, Farrington & Everall P.C  
Carmine Iadarola – AquaSan Network  
Craig Miller – Morgan Stanley Smith Barney  
Gregg Kennedy – Morgan Stanley Smith Barney  
J.M. Fay – Resident

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

Mr. Hanley asked if there were any corrections or additions to the minutes of the February 16, 2010, Board meeting. There were none. Mr. Thayer made a motion to approve the minutes as presented. Mr. Halsell seconded the motion. Motion carried.

Next on the agenda was the Treasurer's Report and Bills Payable. Mr. Warford discussed check # 21351 to Ground Engineering which did the phase one study on the property that we purchased from the Denver Campus for Jewish Education. Check # 21379 to Badger Meter is the contract for our meter reading equipment. There is also a check to National Meter, check #21385 which is for the purchase of meters. Mr. Hanley asked if there were any other questions regarding the Treasurer's Report and Bills Payable. There were none. Mr. Ginsberg made a motion to receive the Treasurer's Report and to pay the Bills. Mr. Thayer seconded the motion. The motion carried.

Mr. Hanley then opened the meeting for public comments. Ms. Fay offered a written comment which Mr. Farrington read to the Board: Last month you talked about setting precedence when it came to issuing a refund due to a water bill that the Cherry Creek Valley Water and Sanitation District caused because they failed to respond to an email. What concerns us is how a few years back there was no talk about setting precedence when it came to a 30 year old error for Mr. Bruce Peterson and 2 of his neighbors. You paid out \$8,000.00 each and didn't even prorate the error based on 30 plus years of use of the pipes Mr. Peterson and his neighbors got. That doesn't seem right or fair to us, when we know that you have not responded to emails from us as fair back as November. And you also have yet to get back to us on many other issues we have asked as well. Mr. Ginsberg then asked who she is referring to when she uses the word "us". He asks if "us" is Jay M Fay? Mr. Farrington attempted a brief nonverbal communication with Ms. Fay, and stated he believed it is. Mr. Ginsberg said he would like that to be included in the meeting minutes.

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Then Mr. Farrington continued: Are you a public entity answering to the public or do you just help out a few of your friends and neighbors when you can? This water leak was, according to your maintenance man, 35 gallons a minute and it went on a month longer than it had to because of you. This wasted thousands of gallons of water, yet according to Mr. Warford this is not a problem of the District. We know we personally have brought many other leaks to your attention and it has been hit or miss when or if you deal with them. The business of a water debt to us seem like it would be the best use of resources. Yet every time we are told this isn't wasting that much water, so it's as if you shouldn't even be told or bothered to deal with it. So personally we are not surprised that something like this happened. If Mr. Warford and the staff of this department is to short handed to deal with issues that are coming up, then it seems to us more staff is needed to deal with this. We are asking yet again for answers to question brought to your attention since at least October that you have not answered us on. 1) What went on with your promise to put the craft show on the website? 2) When did the water main break at Syracuse & Harvard occur? (The exact time) 3) Anything else.

There were no further public comments.

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:

- **Wabash Complex** – Case # 90CW218B Denver Aquifer Water. The decree has been signed by the water court judge. The Denver Water Board stipulated to our Wabash decree. That leaves FRICO, Arapahoe and Aurora remaining as objectors. Aurora acknowledges our senior water rights but believes that no injury occurs to CCV's water rights via the exchange. Mr. Board is trying to clarify our water system and concerns and how CCV will be injured. Mr. Warford stated that there was a meeting with Aurora and he is satisfied that this will be resolved in a timely manner.
- **DW** – DW expresses optimism reaching a settlement with the Western Slope. They have offered several concessions. The main question is does Denver's water rights allow Denver to serve outside the Denver metro area?
- **Legislation** – Colorado Water Conservation Board may be requiring water providers, to provide more water administration data for reporting due to budget cuts.

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 introduced Craig Miller & Gregg Kennedy from Morgan Stanley Smith Barney to discuss the investment performance & services. The primary investment objective for the past year was to obtain income from investments in the range of \$1 million annually. That goal has now been largely attained. What we have been focusing on as of late are short callable agency bonds that provide a large yield cushion. The current portfolio yield is 4%. Total average maturity is 7.25 years, and the average call is just over 6 years, this is seen as short-intermediate in terms of maturity. The average yield to maturity is 3.55%. 88% of the investments are in US Government agencies with triple A ratings and 7 year average maturity and call. 12% is in municipals with 5 year average maturity. Between the two the District owns roughly 57 different positions. Of that number, 47 are government backed and or insured. The investments cover 16 different states. We have seen no credit down-grades or watches. That said we have achieved what we set out to do and our focus for the next 12 months is to hold what you have, keep the current yield as it is and as we see fit pick up extra yield on deals in the agency market. The Board thanked Mr. Miller & Kennedy for their Presentation.

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Mr. Warford started his Manager's report by stating that the Denver Aquifer decree is completed. If and when we need to recharge this is the least expensive best option to do that.

Denver agreed to sign the stipulation, ending its opposition to our decree.

We now own the school property to the west of the office. We are in the process of cleaning it up. We have an agreement that the house next door will be occupied by an employee of the school, and their goats, until the middle of next year. Mr. Warford wanted to issue a special Thank you to Mr. Farrington for all of his work on the school property project. The County's street widening project will probably start this fall. McLaughlin has been authorized to prepare contract for the alignment of the storm sewer to fill the detention ponds once they are built by the county.

Regarding Fox Crossing license agreement we will have to check and see if the Board has approved that. Otherwise we will do that at the next board meeting.

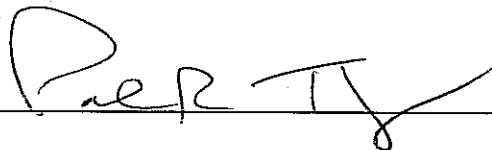
Mr. Warford stated that he had meet with Denver about the reuse program. They came to us about how much water we have available for reuse. Mr. Warford has asked Mr. Steve Boand to put a packet together outlining the water we have available so we can present it to Denver. We sell our reuse water significantly higher then they do so we will have to see if we can work something out. Also we need to see if from a legal aspect we can us our reuse water outside the district. So we will have to look into that.

We will again be doing a joint mailing with South East Metro Storm Water Authority (SEMSWA) just to keep up a good working relationship.

Mr. Warford stated that the easements for Prospect Village are now done.

There being no further matters to come before the Board Mr. Hanley called for the Board to adjourn. Mr. Halsell moved to adjourn, seconded by Mr. Ginsberg. Motion carried. Mr. Hanley declared meeting adjourned at 8:03 p.m.

READ AND APPROVED



DATED

4-20-10