

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
CHERRY CREEK VILLAGE WATER DISTRICT
HELD
July 12, 2011**

A regular meeting of the Board of Directors of the Cherry Creek Village Water District was held on Tuesday, July 12, 2011 at 9:00 a.m. at Clifton Gunderson LLP, 8390 E. Crescent Parkway, Suite 500, Greenwood Village, Colorado. The meeting was open to the public.

Attendance

Directors in attendance were:

John Forney
Lou Schroeder
Phil Viseur
Joseph Ryan
Roger Baer

Also in attendance were:

Dave Peak; Clifton Gunderson LLP
Tim Flynn; Collins Cockrel & Cole, P.C.
Greg Sekera; KennedyJenks Consultants
Cathy Noon; CRS of Colorado

Call to Order

President Forney called the meeting to order at 9:00 a.m.

**Quorum/
Qualifications/
& Disclosures**

It was noted that a quorum was present. All of the Directors are qualified and there are no conflict of interest disclosures required.

Agenda

Upon review and discussion of the Agenda and a motion duly made, seconded and, upon vote, unanimously carried, the Board approved the Agenda as amended to add a discussion of the 2010 Audit as Section 6.E, and a discussion of a possible rate reduction as Director Item 5.A, and to add a discussion concerning the use of smart sprinkler systems under Section 10, Other Business, Item A.

Minutes

The Board reviewed the Minutes of the June 14, 2011 Regular Meeting. Following review and discussion, upon a motion duly made, seconded and, upon vote, unanimously carried, the Board approved the May 12, 2011 Minutes as presented.

RECORD OF PROCEEDINGS

Directors Items

Reduce Water Rates

The Board had a brief discussion regarding possibly reducing water rates to its customers as a result of the cost savings from lower management fees and accounting from CRS. All Directors felt it was appropriate to pass on the cost savings to the District's customers in some manner. The primary issues for determination concerned how, when, and in what amount customers should be benefited. It was noted that the full amount of the management cost savings will not be realized by the District for a year. The Board decided to discuss this matter in greater detail at a future meeting.

Smart Sprinkler Systems

President Forney brought up the topic of incentivizing customers to use smart sprinkler systems. It was noted that one of the options for effectuating a rate reduction might be to subsidize in some manner customers use of a smart sprinkler system. Additional information will be obtained as to what a smart sprinkler system is, how it works, and what the benefits could be long term to the District and its residents.

Transition to New Management Company

Directors Baer and Forney met during the month with representatives of CRS to develop an action plan for the remainder of the year and to work on the transition from Clifton Gunderson to Community Resource Services. A further discussion of the files transfer process was deferred so that it could be discussed along with the District's 2010 Audit later in the meeting.

Financial Matters

Review the District's Cash Position as of July 12, 2011: Mr. Peak reviewed the cash position as of July 12, 2011 with the Board. Following review and discussion, the Board accepted the cash position as presented.

Review the Operating Statement: Mr. Peak reviewed the Operating Statement. Following review and discussion, upon a motion duly made, seconded and, upon vote, unanimously carried, the Board accepted the Operating Statement as presented.

Review and Consider Approval of Claims: Mr. Peak reviewed the July, 2011 claims totaling \$110,098.23, represented by check numbers 4378 through 4388. Following review and discussion, upon a motion duly made, seconded and, upon vote, unanimously carried, the Board approved the July, 2011 claims as presented.

RECORD OF PROCEEDINGS

Review Delinquent Account Report: Director Ryan reviewed the Delinquent Account Report with the Board. He reported that there were two delinquent accounts, which is less than the previous month. He reported that there were no shut-off notices.

Discuss 2010 Audit

It was noted that Clifton Gunderson had not commenced work on the District's 2010 Audit, primarily because of the uncertainty as to whether there would be a change in management companies during the year. Following review and discussion, upon a motion duly made, seconded and, upon vote, unanimously carried, the Board approved the Engagement with Clifton Gunderson LLP to assist with the 2010 Audit though not to exceed \$2,000 and to authorize the filing of Request for Extension with the State. Janece Soendker who had entered the room for discussion of the 2010 Audit was instructed to prepare a form of Audit Engagement letter for the additional accounting services and submit it to Mr. Flynn for review. With Janece Soendker in the room, the Board again took up the discussion of the transfer of District files to Community Resource Services. Director Baer specifically noted that he would like to have the data and files transferred to CRS in a form that is workable so that all the data entry does not have to be redone by CRS staff. Janece Soendker indicated that she would need to check with her partners to determine the form in which the data could be transferred, but that her initial belief is that the data will not be transferred in a form that can be easily manipulated, but that the data will be transferred in a PDF format. At the conclusion of the discussion Janece Soendker left the room.

Administrative Matters

Review Consumption Report: Mr. Peak reviewed the Consumption Report with the Board. The Board accepted the Consumption Report as presented.

Engineer's Report

Mr. Sekera reviewed Kennedy/Jenks engineering memorandum dated July 7, 2011. As part of this review, he highlighted the following matters:

Cherry Creek School Water Line Replacement, Phase 3 – Mr. Sekera reported that construction of the Phase 3 water line project on the Cherry Creek School Campus is complete and that the water line project was put into service on July 6, 2011. Mr. Flynn noted that the Easements for the projects have not yet been acquired, but that they are scheduled to be approved by the Cherry Creek School District Board on August 6, 2011. Kennedy/Jenks is reviewing the final punchlist items and coordinating preparation of the record drawings for this project.

RECORD OF PROCEEDINGS

District Boundary – Mr. Sekera reported that based upon Denver Water's request and his review of the District's Organizational Decree and all subsequent inclusions as obtained from the Arapahoe District Court by Mr. Flynn, he prepared a CAD map of the District's boundaries. He confirmed for the Board that the parcels previously authorized for exclusion from Denver Water's Combined Service Area and from the District's Contract Service Area are not within the District's territorial boundaries. Mr. Flynn reported that Denver Water will prepare the appropriate contract amendment documents to reflect the boundary area changes approved by the Board at a prior meeting. Those two changes will result in the exclusion of two areas that are significantly east of the District boundaries from the District's Contract Service Area, the inclusion of the Cherry Creek Reservoir Marina Area into the District's Contract Service Area Boundary and Denver Water's Combined Service Area Boundary. Also, another area immediately adjacent to the Reservoir and slightly south of the Marina will be included into Denver Water's Combined Service Area Boundary.

System Hydraulics – Mr. Sekera reported that following the discussion at the Board's June meeting regarding the master meter usage, he has performed some additional analysis related to the hydraulics of the overall system. He briefly presented some of the findings and discussed with the Board the overall system operation.

He noted that additional adjustments may be necessary to the Yosemite meter, as not enough water is entering the District's system through the Yosemite meter at the present time.

System Maintenance – Mr. Sekera reported that Kennedy/Jenks coordinated the following maintenance items during the past month:

- Fire Hydrant and Valve Repairs – No work was performed for this month;
- Cross-connection Control Program – No update for this past month;
- Water Line Breaks – No water line breaks this past month;
- Facility Locates – Reviewed locate request for miscellaneous construction in the District.

Finally, he briefly reviewed the maintenance tracking chart which is attached to Kennedy/Jenks engineering memorandum.

After discussion, the Board accepted the Engineering Report as presented.

RECORD OF PROCEEDINGS

Legal

Cherry Creek School Campus Easements

Mr. Flynn noted that legal counsel for the Cherry Creek School District wanted a minor change made to the waterline Easement documents needed for the Phase 3 project on the Cherry Creek High School Campus. Those changes have been made and the Easements are scheduled to be presented to the School District Board of Directors in August for approval.

Contract with Community Resource Services

Legal Counsel is in the process of developing a form of Management Agreement with Community Resource Services, Inc. A draft of the Agreement will be presented to representatives of Community Resource Services, Inc. and hopefully a final form of Agreement can be submitted to the District's Board for approval at the August meeting.

Summer Water Use Rules

It was confirmed for the Board that the District's existing Rules and Regulations implement summer water use rules. In reviewing past documents, Mr. Flynn noted that some technical corrections need to be made and for that purpose he will be preparing a resolution to submit to the Board for approval at either the August or September Board meeting.

Other Business

Change in Meeting Location

Following a brief discussion and upon a motion duly made, seconded, and unanimously carried, the District's next meeting will be held on August 9th at 9:00 a.m. at Benedict's Restaurant located at 8181 E. Arapahoe Road, Greenwood Village, Colorado. Cathy Noon will work with the restaurant and arrange for the meeting to be conducted at that time.

President Forney brought up the subject of smart sprinkler systems. He had heard that Denver Water or some other entity may be donating sprinkler heads that will result in the conservation of water for irrigation purposes. Both John and Joe will work further to provide additional information for the Board on this subject at a future meeting.

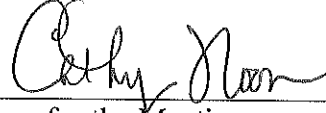
At that time Director Baer noted that this would be Dave Peak's last meeting with the Board. He joined all the other Board members in thanking Mr. Peak for his years of service to the District. Everyone was very appreciative of Dave's hard work and excellent job he has done for the District over the years.

RECORD OF PROCEEDINGS

Adjournment

With no further business to come before the Board at this time, the meeting was adjourned at 10:58 a.m.

Respectfully submitted,



Secretary for the Meeting