

RECORD OF PROCEEDINGS

MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

AND

PLATTE CANYON WATER AND SANITATION DISTRICT¹

Friday
September 24, 2021
Jefferson County, Colorado

The regular joint monthly meeting of the Board of Directors of the Southwest Metropolitan Water and Sanitation District (“Southwest”) and the Board of Directors of the Platte Canyon Water and Sanitation District (“Platte Canyon”) convened on Friday, September 24, 2021, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. Due to COVID-19 concerns, the meeting was also conducted virtually using Microsoft Teams Meeting. Accordingly, those Board members who could not or were not comfortable physically attending, could attend by telephone or by on-line virtual meeting. The web address and call-in information were included in the meeting notice so that interested members of the public could also attend. Although jointly conducted, a portion of the meeting pertained solely to one District or the other and, accordingly, at times only the vote of one Board or the other was required.

The following Southwest Directors were in attendance, to-wit:

Anthony M. Dursey
Kenton C. Ensor, Jr.
George E. Hamblin, Jr.
Chuck Hause
Bernard J. Sebastian, Jr.

The following Platte Canyon Directors were in attendance, to wit:

William D. Buckner
Anthony M. Dursey
Louis J. Fohn
George E. Hamblin, Jr.

¹ and each District’s Water and Sanitary Sewer Activity Enterprise.

The following Platte Canyon staff members were physically in attendance in the boardroom: Cynthia Lane, manager; Alyssa Quinn, assistant manager; Scott Hand, Operations Supervisor, Vanessa Shipley, financial administrator; and Tony Cocozzella, construction program manager. Bridget Butterfield, Communications and Administrative Coordinator, attended the meeting virtually from her office. ²

Also, physically in attendance was Timothy J. Flynn, from Collins Cockrel & Cole, P.C., legal counsel for both Districts.

CALL TO ORDER

The meeting was called to order by Southwest President, Anthony M. Dursey, who presided as Chair.

APPROVAL OF SOUTHWEST AGENDA

A motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to approve, as presented, the Southwest agenda. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST CONSENT AGENDA

Following a brief discussion, a motion was made by Southwest Director Hamblin and seconded by Southwest Director Hause to approve Southwest Consent Agenda Items Nos. 1 and 2, as set forth below by a single motion:

1. Ratification of Interim Disbursements and Approval of Current Payables. Southwest payables and supplemental disbursements for the month of September 2021, in the aggregate amount of \$294,956.77, represented by Southwest check nos. 20349 thru 20376, inclusive, including any checks written by the manager pursuant to prior Board authorization for less than \$5,000, as well as various electronic fund payments for utility and other authorized electronic payment vendors.

2. Southwest Investment/Deposit Transaction Report. During the month of August 2021, Southwest did not purchase any treasury notes or agency securities, nor did it renew or roll-over any certificates of deposit. On August 25, 2021, a Federal National Mortgage Association note matured, generating aggregate principal proceeds in the amount

² Southwest has no employees. The above-named personnel are Platte Canyon employees who, pursuant to contract with Platte Canyon, provide management, operation and maintenance services for Southwest.

of \$2,000,000, plus accrued interest. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	Aye

SOUTHWEST ACTION ITEMS

1. Approval of Capital Master Plan for 2022-2031. The manager, using a PowerPoint presentation, reviewed in detail the Southwest Capital Master Plan for 2022 through 2031. She explained the changes in the way in which the Capital Mater Plan costs were prepared this year, as compared to previous years, including how capital improvement projects were prioritized, especially for calendar year 2022.

It was noted that the cost to rehabilitate or replace Southwest's infrastructure is rising as Southwest facilities age and deteriorate. The 2022-2031 Capital Master Plan includes \$1,376,447 for 2022 capital projects, and \$10,536,871 during the ten (10) year period ending 2031. This compares with the previous years' projected expenditures of \$346,229 and ten (10) year projected expenditures of \$8,389,041. The impact of these increased costs on Southwest's revenue requirements, including any possible revision to the District's facilities renovation fee was discussed briefly by the manager as part of her report.

At the conclusion of the manager's review of the Southwest Capital Master Plan for 2022 through 2031, a motion to approve the same was made by Southwest Director Hause and seconded by Southwest Director Sebastian. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	Aye

2. Approval of Professional Engineering Services Agreement with RG & Associates for 2022 Water and Sewer Main Replacement Projects. Tony Cocozzella reviewed for the Southwest Board a Professional Engineering Services Agreement with RG & Associates for the Southwest sewer and water main replacement projects scheduled for 2022. The Professional Engineering Services Agreement includes design engineering, project management and bidding services for both projects in an amount not to exceed \$101,050.

At the conclusion of Mr. Cocozzella's review, a motion was made by Southwest Director Dursey and seconded by Southwest Director Hause to approve the proposed Professional Engineering Services Agreement and to authorize its execution by the District's President and Secretary. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	Aye

SOUTHWEST INFORMATION/DISCUSSION ITEMS

There were no information or discussion items to come before the Southwest Board.

SOUTHWEST NEW BUSINESS

There was no new business to come before the Southwest Board.

JOINT PARTICIPATION PORTION OF THE MEETING

Southwest President, Anthony M. Dursey, continued to act as Chair of the joint participation portion of the meeting.

APPROVAL OF JOINT MEETING AGENDA

Following a brief discussion, a motion was made by Southwest Director Ensor and seconded by Southwest Director Hause to approve the joint meeting agenda, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

The Chair then called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

JOINT MEETING CONSENT AGENDA

1. **Approval of the Minutes of the Boards’ August 27, 2021 Joint Regular Meeting.** Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Southwest Director Hamblin to approve, as written, the minutes of the Boards’ August 27, 2021 joint regular meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

The Chair then called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

The approved minutes of the Boards’ August 27, 2021 joint regular meeting were then presented to the members of each Board for signature as further evidence of ratification, confirmation and approval.

JOINT MEETING ACTION ITEMS

There were no action items to come before this joint regular meeting.

JOINT MEETING INFORMATION/DISCUSSION ITEMS

1. **Financial Matters.**

(a) **Platte Canyon Financial Statements.** The following unaudited Platte Canyon financial statements, prepared by Vanessa Shipley, for the eight-month period ending August 31, 2021, were presented to the Boards:

(i) Statement of Net Assets, dated August 31, 2021, showing Platte Canyon’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the eight-month period ending August 31, 2021;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the eight-month period ending August 31, 2021; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the eight-month period ending August 31, 2021.

Following Vanessa Shipley’s review of the year-to-date financial statements, during which she noted any significant variances from 2021 budgeted line items, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to accept the Platte Canyon financial statements, as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

(b) **Southwest Financial Statements.** The following unaudited Southwest financial statements, prepared by Vanessa Shipley for the eight-month period ending August 31, 2021, were presented to the Boards:

(i) Statement of Net Assets, dated August 31, 2021, showing Southwest’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the eight-month period ending August 31, 2021;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the eight-month period ending August 31, 2021; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the eight-month period ending August 31, 2021.

Vanessa Shipley reviewed Southwest’s year-to-date financial statements and as a part thereof, explained any significant variances between budget to actual revenues and expenditures. At the conclusion of her review of the financial statements, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to accept the Southwest financial statements, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

(c) **Platte Canyon Investment/Deposit Report.** The Boards reviewed a list of Platte Canyon’s investments in U.S. Government treasury notes, agency securities, certificates of deposit, and money market funds, together with a report showing the funds Platte Canyon has in approved state depositories and authorized local government investment pools. As of August 31, 2021, Platte Canyon’s investments and deposits totaled \$9,427,282.39, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$195,660.55	2.08%
Certificates of Deposit	\$744,000.00	7.89%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$1,093,638.09	11.60%
ColoTrust-Trust Account	\$2,252,211.02	23.89%
CSAFE-Core	\$3,103,396.88	32.92%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$2,038,375.85	21.62%
U.S. Government Agencies and Instrumentalities	\$0.00	0.0%
TOTAL	\$9,427,282.39	100%

The average yield on Platte Canyon’s investments for the month of August 2021, as calculated by staff, was 0.3343% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to accept the Platte Canyon Schedule of Deposits and Investments as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

(d) **Southwest Investment/Deposit Report.** The Boards reviewed a list of Southwest’s investments in U.S. Government treasury notes, agency securities, certificates of deposit, and money market funds, together with a report showing the funds Southwest has in approved state depositories and authorized investment pools. As of August 31, 2021, Southwest’s investments and deposits totaled \$24,800,684.65, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$10,784.54	0.04%
Certificates of Deposit	\$494,000.00	1.99%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$3,009,867.03	12.14%
ColoTrust-Trust Account	\$2,609,300.86	10.52%
CSAFE-Core	\$8,707,017.70	35.11%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$5,969,714.52	24.07%
U.S. Government Agencies and Instrumentalities	\$4,000,000.00	16.13%
TOTAL	<u>\$24,800,684.65</u>	<u>100%</u>

The average yield on Southwest’s investments for the month of August 2021, as calculated by staff, was 0.4656% per annum.

Following a brief discussion, a motion was made by Southwest Director Ensor and seconded by Southwest Director Hamblin to accept the Southwest Schedule of Deposits and Investments as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

2. **Management Report.** The manager reviewed, as more particularly set forth below, her written management report dated September 2021, a copy of which was previously provided to each member of both Boards.

(a) **Denver Water Rates for 2022.** The manager reported to the Boards that the Denver Board of Water Commissioners will adopt rates for 2022, that are projected to raise Denver Water’s revenue by 4%. The impact of the increase on Read & Bill Distributors, like Southwest and Platte Canyon, is favorable. The water consumption charge to the residents in Read & Bill Distributors will actually decrease by 0.8% with respect to residential customers. Non-residential Read & Bill customers will see an increase of about 5.7%.

Overall, the Denver Water Rates and Fees Technical Advisory Committee (TAC) is supportive of the rate increase, although the TAC continues to object to Denver Water applying a 19% multiplier to lead service line replacement costs allocated to outside city users. It was noted however, that with respect to that allocation, Denver Water allocates 70% of those costs inside city and 30% outside city.

(b) **Gross Reservoir Expansion.** The manager also briefly advised the Boards as to the status of a lawsuit filed in Federal District Court by Denver Water seeking relief from Boulder County's 1041 permitting process. The lawsuit asserts that Denver Water is exempt from Boulder County's 1041 permitting process because that process is preempted by the Federal Energy Regulatory Commission Permit, which Denver Water obtained a couple of years ago. It is hoped that the lawsuit will be successful and Denver Water can proceed with construction of the dam. In order to comply with the terms and provisions of its FERC Permit, Denver Water needs to start construction in early 2023.

(c) **Miscellaneous Matters.** Due to the lateness of the hour, the manager referred the Boards to the balance of her written report and asked if there were any specific questions. There were none.

3. **Operations and Maintenance Summary Report.** The Operations and Maintenance Summary Report dated September 2021, was presented by the Operations Supervisor, Scott Hand. During the reporting period, neither Platte Canyon nor Southwest had any sanitary sewer service or water service interruptions.

It was noted that the District has received its new pickup truck for the replacement of the 2011 Chevrolet pickup truck that was traded in and the credit applied to the cost toward the new vehicle.

4. **Capital Projects Report.** Tony Cocozzella reviewed the Capital Projects Report for Platte Canyon and Southwest. As part of his report, Mr. Cocozzella updated the Boards as to the status of all ongoing Platte Canyon and Southwest projects, including developer and District-specific projects. Platte Canyon and Southwest projects that are in the design phase were also included as part of his report.

NEW BUSINESS

There was no new business to come before the joint participation portion of the meeting.

PLATTE CANYON BOARD MEETING

CALL TO ORDER

The Platte Canyon portion of the joint meeting was called to order by Platte Canyon President, George E. Hamblin, Jr., who presided as Chair.

APPROVAL OF PLATTE CANYON AGENDA

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to approve, as presented, the Platte Canyon agenda. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

PLATTE CANYON CONSENT AGENDA ITEMS

A motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to approve Platte Canyon Consent Agenda Items Nos. 1 and 2, as set forth below, by a single motion:

1. Approval of Accounts Payable and Ratification of Interim Disbursements for September 2021. The Platte Canyon payables and supplemental disbursements for the month of September 2021, in the aggregate amount of \$199,468.86, represented by Platte Canyon check nos. 33867 through 33932, inclusive, including any checks written by the manager pursuant to prior Board authorization for less than \$5,000, as well as various electronic fund payments for employee salaries, utilities and other authorized electronic payment vendors.

2. Platte Canyon Investment/Deposit Report. During the month of August 2021, Platte Canyon did not purchase any treasury notes or agency securities, nor did it renew or roll-over any certificates of deposit. On August 25, 2021, a Federal National Mortgage Association note matured, generating aggregate principal proceeds in the amount of \$1,500,000, plus accrued interest. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

PLATTE CANYON ACTION ITEMS

1. Director’s Absence Excused. Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to excuse the absence of Director Mark Swatek, who was unable to attend the meeting. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

2. **Approval of Capital Master Plan for 2022-2031.** The manager, again using a PowerPoint presentation reviewed in detail Platte Canyon’s Capital Master Plan for 2022 through 2031. She explained the changes in the way in which the capital improvement costs for the Capital Master Plan were determined, especially as compared to previous years and she explained how capital improvement projects were prioritized, especially for calendar year 2022. As is the case with Southwest, the revenue requirements to rehabilitate and replace Platte Canyon’s infrastructure are rising due to the age of Platte Canyon’s facilities deterioration that is ongoing.

The 2022-2031 Capital Master Plan includes \$2,777,951 for capital projects and vehicles in 2022, and \$20,879,300 for the ten (10) year period ending 2031. This compares with the previous years’ projected expenditures of \$1,913,529 and the ten (10) year projected expenditures of \$18,231,691.

At the conclusion of the manager’s review of the Platte Canyon Capital Master Plan for 2022 through 2031, a motion to accept the same was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Hamblin. The Chair called for vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

2. **Approval of Professional Engineering Services Agreement with RG & Associates for 2022 Water and Sewer Main Replacement Projects.** Tony Cocozzella reviewed for the Platte Canyon Board, a Professional Engineering Services Agreement with RG & Associates for three Platte Canyon water main replacement projects planned for 2023. The Professional Engineering Services Agreement includes design engineering, project management and bidding services for all three projects in an amount not to exceed \$104,280.

At the conclusion of Mr. Cocozzella’s review, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner to approve the Professional Engineering Services Agreement with RG & Associates, and to authorize its execution by Platte Canyon’s President and Secretary. The Chair called for vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

There were no information or discussion items to come before the Platte Canyon Board.

PLATTE CANYON NEW BUSINESS

There was no new business to come before the Platte Canyon Board.

ADJOURNMENT

There being no further business to come before this joint regular meeting of the Southwest and Platte Canyon Boards, a motion to adjourn was made by Platte Canyon Director Fohn and seconded by Southwest Director Sebastian. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

The Chair then called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye

Whereupon, this joint regular meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 10:30 a.m. The next regular joint meeting of the Boards will be held on Friday, October 22, 2021 at 8:30 a.m. in the District’s office, or virtually if necessary for those Directors who cannot attend in person either because of concerns over the Covid-19 pandemic, or for any other reason.

Respectfully submitted,

Timothy J. Flynn, Recording Secretary

THE MINUTES OF THIS JOINT REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT AND THE BOARD OF DIRECTORS OF THE PLATTE CANYON WATER AND SANITATION DISTRICT ARE HEREBY RATIFIED, CONFIRMED AND APPROVED BY THE FOLLOWING NAMED INDIVIDUALS WHO, INDIVIDUALLY AND AS MEMBERS OF THE BOARD OF DIRECTORS OF SAID DISTRICTS, WAIVE ANY AND ALL NOTICE THAT MAY BE REQUIRED BY THE STATUTES OF THE STATE OF COLORADO PERTAINING TO THE CONVENING AND THE CONDUCTING OF THIS SPECIAL MEETING OF THE DISTRICTS' BOARDS OF DIRECTORS; AND THE UNDERSIGNED DO HEREBY CONSENT TO THE SAID MEETING BEING HELD ON THE DATE, AT THE TIME AND AT THE PLACE AS HEREINABOVE SET FORTH.

SOUTHWEST METROPOLITAN
WATER AND SANITATION DISTRICT

PLATTE CANYON WATER AND
SANITATION DISTRICT

Anthony M. Dursey

William D. Buckner

Kenton C. Ensor, Jr.

Anthony M. Dursey

George E. Hamblin, Jr.

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Chuck Hause

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Bernard J. Sebastian, Jr.