

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
June 23, 2017
Jefferson County, Colorado

The regular 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, June 23, 2017, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. 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
George E. Hamblin, Jr.
Chuck Hause
Bernard J. Sebastian, Jr.

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

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

The following Platte Canyon staff members were in attendance: Patrick J. Fitzgerald, manager; Cynthia Lane, assistant manager; Vanessa Shipley, financial

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

RECORD OF PROCEEDINGS

administrator; Scott Hand, operations supervisor; and Tony Cocozzella, construction, plan review and special projects coordinator.²

Also in attendance were: Richard H. Cassens, from ENS Consulting, LLC, Platte Canyon's consulting engineer; and 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.

SOUTHWEST ACTION ITEMS

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

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

2. **Director's Absence Excused.** Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to excuse the absence of Southwest Director Kenton C. Ensor, Jr., who was unable to attend the meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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

3. **Southwest Accounts Payable.** The Boards reviewed a list and supplemental list of Southwest vouchers paid (checks under \$2,500) and payable for the month of June 2017, in the aggregate amount of \$162,319.81, represented by Southwest

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.

RECORD OF PROCEEDINGS

check numbers 18748 through 18782, inclusive (check number 18748 was voided), including two electronic fund transfers in payment of Xcel Energy bills.

Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to ratify, approve, and confirm the vouchers paid and payable, as presented, and to authorize Southwest Directors to execute checks in payment of the payables. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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

4. **Southwest Investment/Deposit Transaction Report.** The Boards reviewed the Schedule of Investment Principal Activity for Southwest for the month of May 2017, which reflects the following transactions:

(a) **New Purchases.** No treasury notes or agency securities were purchased by Southwest during the month;

(b) **Redemptions.** No investment securities matured, were redeemed, or were sold by Southwest during the month;

(c) **Renewals.** No certificates of deposit were renewed or rolled over during the month.

At the conclusion of the discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to accept the Southwest Investment Principal Activity Report for the month of May 2017. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	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.

RECORD OF PROCEEDINGS

SOUTHWEST NEW BUSINESS

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

JOINT PARTICIPATION PORTION OF THE MEETING

Director Anthony M. Dursey continued to act as Chair for the joint participation portion of the meeting.

JOINT MEETING ACTION ITEMS

1. **Approval of Joint Meeting Agenda.** Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to approve, as presented, the agenda for the joint participation portion of the meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	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
Richard Rock	Aye

2. **Approval of the Minutes of the Boards' May 26, 2017 Joint Regular Meeting.** Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to approve, as written, the minutes of the Boards' May 26, 2017, joint meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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

RECORD OF PROCEEDINGS

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
Richard Rock	Aye

The approved minutes of the Boards' May 26, 2017 joint regular meeting were then presented to the members of each Board for signature as further evidence of ratification, confirmation, and approval.

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 five-month period ending May 31, 2017, were presented to the Boards:

(i) Statement of Net Assets, dated May 31, 2017, showing Platte Canyon's Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the five-month period ending May 31, 2017;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the five-month period ending May 31, 2017; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the five-month period ending May 31, 2017.

As part of her review, Vanessa Shipley highlighted those financial statement line items that varied from the adopted budget or that are higher or lower than originally anticipated for this time of the year. At the conclusion of her review, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner 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:

RECORD OF PROCEEDINGS

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

(b) **Southwest Financial Statements.** The following unaudited Southwest financial statements prepared by Vanessa Shipley for the five-month period ending May 31, 2017 were presented to the Boards:

(i) Statement of Net Assets, dated May 31, 2017, showing Southwest's Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the five-year month period ending May 31, 2017;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the five-month period ending May 31, 2017; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the five-month period ending May 31, 2017.

As part of her review, Vanessa Shipley highlighted those Financial Statement line items that varied from the adopted Budget or that are higher or lower than originally anticipated for this time of the year. At the conclusion of her review, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause 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
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	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

RECORD OF PROCEEDINGS

investment pools. As of May 31, 2017, Platte Canyon’s investments and deposits totaled \$10,781,559.01, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$252,056.09	2.34%
Certificates of Deposit	\$994,000.00	9.22%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$3,082,682.51	28.59%
ColoTrust-Trust Account	\$464,429.77	4.31%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$999,902.64	9.27%
U.S. Government Agencies and Instrumentalities	\$4,988,488.00	46.27%
TOTAL	\$10,781,559.01	100.00%

The average yield on Platte Canyon’s investments for the month of May 2017, as calculated by staff, was 1.2627% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Rock and seconded by Platte Canyon Director Buckner 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
Richard Rock	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 May 31, 2017, Southwest’s investments and deposits totaled \$24,822,319.26, itemized as follows:

RECORD OF PROCEEDINGS

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$5,368.74	0.02%
Certificates of Deposit	\$2,341,537.80	9.43%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$2,602,101.36	10.48%
ColoTrust-Trust Account	\$3,811,173.97	15.35%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$6,023,982.78	24.27%
U.S. Government Agencies and Instrumentalities	\$10,038,154.61	40.44%
TOTAL	\$24,822,319.26	100.00%

The average yield on Southwest’s investments for the month of May 2017, as calculated by staff, was 1.8161% per annum.

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause 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
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	Aye

2. **Manager’s Information Report.** The manager reviewed the Manager’s Information Report, dated June 2017, a copy of which was previously provided to both Boards. As part of his report, the manager highlighted the following matters:

(a) **Pressure-Reducing Valve Ownership and Maintenance Responsibility.** Because Denver Water staff was slow to respond to Platte Canyon’s and Southwest’s request that Denver Water prepare a Memorandum of Understanding outlining ownership and maintenance responsibility for various pressure-reducing valves in the Platte Canyon and Southwest system, Platte Canyon undertook to prepare the Memorandum. At the present time, Cynthia Lane is continuing to work with Scott Hand and Tony Cocozzella to prepare a draft Memorandum. The draft Memorandum will cover 96 pressure-reducing valves, 75 of which are owned by Southwest and 22 of which are owned by Platte Canyon. As soon as Cynthia Lane and Tony Cocozzella complete a draft, a meeting will be scheduled with Denver Water to review the draft.

RECORD OF PROCEEDINGS

(b) **Acquisition of Additional Property Adjacent to Scott J. Morse Water Pump Station.** Legal counsel is in the process of finalizing a condemnation petition for the purpose of allowing Platte Canyon to acquire real property located adjacent to the Scott J. Morse Water Pump Station. The additional property Platte Canyon seeks to acquire is owned by Denver Water. Legal counsel is working with attorneys at both Denver Water and Jefferson County so that the condemnation action, once filed, will go smoothly. It is anticipated that it will take at least sixty days following filing of the condemnation petition to obtain a stipulated rule and order from the Jefferson County District Court.

(c) **Southwest/Platte Canyon Office Remodel Project.** This Project has been completed insofar as the services required from Genterro are concerned. Final payment was made to Genterro after receipt of written confirmation from a painting subcontractor who was the last contractor claiming that it had not been paid in full. The bathroom partitions have been installed in all bathrooms. The lighting upgrades and replacements are nearly complete and should be finished by the end of June.

(d) **Valley Sanitation District Sanitary Sewer Outfall Line Relocation Project.** Cynthia Lane provided a detailed status report to the Board concerning the status of this Project which Platte Canyon is assisting the Valley Sanitation District in completing. Dewberry Engineering has submitted various engineering planning documents to the Colorado Department of Public Health & Environment and it has 30 days to provide comments. Platte Canyon staff is also working with legal counsel to prepare for a November election at which the Valley Sanitation District voters will be asked to authorize a bond issue in an amount to finance this Project. The election will be conducted on November 7, 2017. The amount of debt requested is anticipated to be approximately \$2,500,000.

Negotiations have also been initiated with the City of Englewood for various easements that will be required for the operation of a sewage lift station on City of Englewood property. The Valley Sanitation District board recently entered into a contract with Dewberry Engineering for the design of Phase 1 of the project.

Finally, there was a brief discussion concerning the educational activities which will be undertaken by Platte Canyon staff on behalf of Valley Sanitation District to continue to inform the Valley Sanitation District voters of the need for the Project so that those voters will have all the information they need when they vote in the November 2017 election on the debt question.

RECORD OF PROCEEDINGS

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operations and Maintenance Summary Report for May 2017. For the May reporting period, neither Platte Canyon nor Southwest had any sanitary sewer service interruptions. Southwest experienced one water service interruption on May 29, 2017 on a 6” ductile iron pipe located at 7870 South Hoyt Court. The break was on a fire hydrant branch line and was caused by electrolysis. No PowerPoint presentation was available but Mr. Hand reported that the repair was conducted by C&L Water Solutions and that customers experienced little, if any, water service interruption.

At the July meeting, a request will be presented to both Boards to move forward with the proposed upgrade of the circuitry of the SKADA system. The request will be made to use Browns Hill Engineering. Browns Hill has been involved with both the study for the upgrade and for adding additional capacity to monitor the Scott J. Morse pump station.

4. **Construction Project Report.** Tony Cocozzella reviewed with both Boards the Capital Projects Information and Construction Status Report for both Platte Canyon and Southwest. The Report updated the Boards as to the status of all on-going Platte Canyon and Southwest projects, including developer and District-specific projects. The Report also addressed those projects that are in design-phase at the present time.

NEW BUSINESS

There was no new business to come before the joint participation portion of the meeting. The next joint regular meeting of the Boards is scheduled for Friday, July 28, 2017 in the Districts’ offices located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

PLATTE CANYON ACTION ITEMS

CALL TO ORDER

The Platte Canyon Action Items portion of the joint regular meeting was called to order by Platte Canyon Director Richard Rock, who presided as Chair.

1. **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:

RECORD OF PROCEEDINGS

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

2. **Platte Canyon Accounts Payable.** The Boards reviewed a list and supplemental list of Platte Canyon vouchers paid and payable for the month of June 2017, in the aggregate amount of \$260,299.82, represented by Platte Canyon check nos. 31203 through 31247, inclusive, together with various electronic payments for employee salaries, utility payments, and other authorized electronic fund payment vendors approved for electronic ACH payments.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to: (a) ratify, approve, and confirm all checks written and all electronic fund transfers occurring since the Platte Canyon May 26, 2017 joint regular meeting, including all checks written by the manager for less than \$2,500.00; and (b) approve for payment the payables presented to the Platte Canyon Board at this meeting, which motion included authority for Platte Canyon Directors to execute checks in payment thereof. 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
Richard Rock	Aye

3. **Platte Canyon Investment/Deposit Transaction Report.** The Boards reviewed the schedule of investment principal activity for Platte Canyon for the month of May 2017, which reflects the following transactions:

(a) **New Purchases.** No treasury notes or agency securities were purchased by Platte Canyon during the month;

(b) **Redemptions.** No investment securities were redeemed or sold by Platte Canyon during the month; and

(c) **Renewals.** On April 3, 2017, a \$100,000 Certificate of Deposit at Fowler State Bank was renewed for one year at an interest rate of .050% per annum. On

RECORD OF PROCEEDINGS

April 19, 2017, a \$249,000 Certificate of Deposit at Solera National Bank was renewed for a period of one year at an interest rate of 1.25% per annum.

At the conclusion of the discussion, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Buckner to accept the Platte Canyon Investment Principal Activity Report for the month of May 2017. 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
Richard Rock	Aye

4. **Approval of Award of Construction Contract to Levi Contractors for Water Main Replacement in West Canyon Drive.** Rich Cassens then reviewed with the Boards the bid summary for the above-referenced 6" water main replacement project on West Canyon Drive in the Columbine Hills Subdivision. There were two bidders. The low bidder was Levi Contractors for a total contract price of \$169,020.

Following a brief discussion and based upon the engineer's recommendation, a motion to award a contract for the construction of the project and to authorize the issue of a Notice to Proceed once all contract documents are signed and insurance requirements have been satisfied was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner. 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
Richard Rock	Aye

5. **Approval of Consent Agreement to Platte Canyon Water and Sanitation District Water Line Easement.** Tony Cocozzella reviewed with the Boards a proposed Consent Agreement which authorizes Verizon Wireless to install certain telecommunication conduit over and across a portion of a Platte Canyon water main on the east side of South Pierce Street approximately 250 feet north of West Canyon Drive. Mr. Cocozzella reviewed the terms and conditions of the Consent Agreement, along with legal counsel. At the conclusion of the discussion, a motion to accept the Consent

RECORD OF PROCEEDINGS

Agreement and to authorize its execution by appropriate officers of Platte Canyon was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Buckner. 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
Richard Rock	Aye

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

There were no Platte Canyon 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 Platte Canyon Director Buckner. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian	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
Richard Rock	Aye

RECORD OF PROCEEDINGS

Whereupon, this joint regular meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 9:35 a.m. The next joint regular meeting of the Boards will be held on Friday, July 28, 2017, at 8:30 a.m. in the Districts' office, located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

Respectfully submitted,

Timothy J. Flynn, Recording Secretary

RECORD OF PROCEEDINGS

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 REGULAR MEETING OF THE DISTRICT'S BOARD 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.

Louis J. Fohn

Chuck Hause

George E. Hamblin, Jr.

Bernard J. Sebastian, Jr.

Richard Rock