

MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

PLATTE CANYON WATER AND SANITATION DISTRICT

AND

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT¹

Friday
September 22, 2017
Jefferson County, Colorado

The regular monthly meeting of the Board of Directors of the Platte Canyon Water and Sanitation District (“Platte Canyon”) and the Board of Directors of the Southwest Metropolitan Water and Sanitation District (“Southwest”) convened on Friday, September 22, 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 Platte Canyon Directors were in attendance, to wit:

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

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 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.

administrator; Scott Hand, operations supervisor; and Alyssa Quinn, administrative assistant.²

Also 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 Platte Canyon President, Richard Rock, who presided as Chair.

PLATTE CANYON ACTION ITEMS

1. **Approval of Platte Canyon Agenda.** 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 |
| 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 September 2017, in the aggregate amount of \$438,486.16, represented by Platte Canyon check nos. 31348 through 31398, inclusive, together with various electronic payments for employee salaries, utility payments, and other authorized electronic fund payment vendors.

Following a brief discussion, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Buckner to: (a) ratify, approve, and confirm all checks written and all electronic fund transfers occurring since the Boards' August 25, 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:

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.

| | |
|------------------------|-----|
| 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.** Vanessa Shipley reviewed with the Boards the Schedule of Investment Principal Activity for Platte Canyon for the month of August 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.** No certificates of deposit were renewed or rolled over during the month.

At the conclusion of Vanessa Shipley’s review of the above-referenced investment transactions, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner to accept the Platte Canyon Investment Principal Activity report for the month of August 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 2017 Pressure Reducing Valve Replacement Project.** Scott Hand discussed with the Boards the 2017 Pressure Reducing Valve Replacement Project in West Frost Drive at S. Webster Street in the Columbine Hills Subdivision. He noted that the Project had been expanded slightly to address the extensive corrosion that had occurred in and outside of the pressure reducing valve. Three contractors were asked to submit proposals for this Project. However, only one contractor, Levi Contractors, submitted a proposal that was in line with bids awarded for similar work in 2014. The other two proposals were significantly higher.

Based upon staff’s recommendation, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Buckner to award a contract for the 2017 Pressure Reducing Valve Replacement Project in West Frost Drive at S. Webster Street to Levi Contractors in an amount not to exceed \$36,500. The motion

included authority for appropriate officers of the District to execute the Notice of Award and related contract documents. 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 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.

JOINT PARTICIPATION PORTION OF THE MEETING

Platte Canyon's president, Richard Rock, 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 Platte Canyon Director Buckner 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 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 Chair then 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. **Approval of the Minutes of the Boards' August 25, 2017 Joint Regular Meeting.** Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Platte Canyon Director Buckner to approve, as written, the minutes of the Boards' August 25, 2017 joint regular 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 |
| Richard Rock | Aye |

The Chair then 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 approved minutes of the Boards' August 25, 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 eight-month period ending August 31, 2017, were presented to the Boards:

(i) Statement of Net Assets, dated August 31, 2017, 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, 2017;

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

Vanessa Shipley briefly reviewed the financial statements. At the conclusion of Vanessa Shipley’s review, 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 |
| Richard Rock | Aye |

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

(i) Statement of Net Assets, dated August 31, 2017, 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, 2017;

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

Vanessa Shipley briefly reviewed the Southwest financial statements with the Boards. At the conclusion of Vanessa Shipley’s 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 |
| 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 investment pools. As of August 31, 2017, Platte Canyon’s investments and deposits totaled \$11,014,418.82, itemized as follows:

| <u>Description</u> | <u>Amount</u> | <u>Percentage</u> |
|--|-----------------|-------------------|
| Checking | \$256,779.21 | 2.33% |
| Certificates of Deposit | \$994,000.00 | 9.02% |
| ColoTrust-Prime | \$0.00 | 0.00% |
| ColoTrust-Plus | \$3,266,696.20 | 29.66% |
| ColoTrust-Trust Account | \$511,463.87 | 4.64% |
| Treasury Bills | \$0.00 | 0.00% |
| Treasury Notes | \$995,652.74 | 9.04% |
| U.S. Government Agencies and Instrumentalities | \$4,989,826.80 | 45.30% |
| TOTAL | \$11,014,418.82 | 100.00% |

The average yield on Platte Canyon’s investments for the month of August 2017, as calculated by staff, was 1.3656% 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 |
| Richard Rock | Aye |

(d) **Southwest Investment/Deposit Report.** The Boards received 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, 2017, Southwest investments and deposits totaled \$24,826,538.24, itemized as follows:

| <u>Description</u> | <u>Amount</u> | <u>Percentage</u> |
|--|-----------------|-------------------|
| Checking | \$6,776.67 | 0.03% |
| Certificates of Deposit | \$2,348,117.16 | 9.46% |
| ColoTrust-Prime | \$0.00 | 0.00% |
| ColoTrust-Plus | \$2,522,300.39 | 10.16% |
| ColoTrust-Trust Account | \$3,891,626.91 | 15.68% |
| Treasury Bills | \$0.00 | 0.00% |
| Treasury Notes | \$6,023,044.82 | 24.26% |
| U.S. Government Agencies and Instrumentalities | \$10,034,672.29 | 40.42% |
| TOTAL | \$24,826,538.24 | 100.00% |

The average yield on Southwest’s investments for the month of August 2017, as calculated by staff, was 1.8783% 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 |
| Kenton C. Ensor, Jr. | Aye |
| George E. Hamblin, Jr. | Aye |
| Chuck Hause | Aye |
| Bernard J. Sebastian, Jr. | Aye |

2. **Manager’s Information Report.** The manager and Cynthia Lane reviewed the Manager’s Information Report, which is now being prepared by both the manager and the assistant manager. The Report is dated September 27, 2017, a copy of which was previously provided to the members of both Boards. As part of their Report, the manager and assistant manager highlighted the following matters:

(a) **2018 Budgets.** The manager noted that staff is in the process of preparing a draft 2018 Budget for both Platte Canyon and Southwest. The budgets will be transmitted to the Boards by October 15, 2017 for a preliminary presentation and discussion during the Boards’ regular October meeting. The formal hearing on the budgets has been scheduled for Friday, November 17, 2017 at 8:30 a.m. in the Districts’ office.

(b) **Pressure Reducing Valve Ownership and Maintenance Responsibility (draft MOU).** Cynthia Lane noted that staff is hoping to have a meeting

with the Denver Water employee in charge of reviewing and commenting on the draft Memorandum of Understanding that was previously submitted by Platte Canyon and Southwest. That employee, however, is in the process of moving his office, and for that reason, no meeting could be scheduled until later this month or early next month. Cynthia Lane will report on this matter at the next Board meeting.

(c) **Valley Sanitary Sewer Outfall Line Relocation**. Cynthia Lane reported that the Project is proceeding on schedule. Staff expects the preliminary design report, the environmental assessment, and the site application to be submitted to the Colorado Department of Public Health and Environment by the end of September.

She noted that one potential problem came up when the City of Sheridan indicated that the area where the sewer line will be relocated in South Clay Street is an area that Sheridan plans to repave in early 2018. If the repaving goes forward, the cost to Valley to repave the full width of that portion of South Clay Street in which the interceptor line is located would be cost-prohibitive. A meeting has been held with the Public Works Director of the City of Sheridan to request that the City rearrange its paving schedule for 2018 to accommodate the installation of the Valley sanitary sewer interceptor line in Clay Street. The assistant manager also noted that the portion of Oxford that the interceptor line will be relocated to will be more difficult than originally thought because that portion of the road is underlaid with a 9-foot-thick concrete base that was put there at the time tanks were traveling in and out of Fort Logan.

The other matters in the manager's report that had been prepared by either the assistant manager or manager were noted for the Boards. Both Boards were asked if they had any questions. There were no questions, so the Chair proceeded to the Operations Report.

3. **Operations and Maintenance Summary Report**. Scott Hand reviewed the Operations and Maintenance Summary Report dated August 27, 2017.

During the month, Platte Canyon experienced one water service interruption at 7499 South Teller Street, and Southwest experienced two water service interruptions, one at 9410 West Burgundy Avenue and the other at 13398 West Coal Mine Avenue. Neither Platte Canyon nor Southwest experienced any sanitary sewer service interruptions during the month.

Scott Hand presented a brief PowerPoint presentation which showed the water line repairs which occurred both in Platte Canyon and Southwest during the month.

It was noted that Platte Canyon employees, Armando Quintana, Corey Taylor, and Scott Hand attended the RWMEA/RMSAWWA Annual Conference in Loveland, Colorado on September 11-13, 2017. Armando Quintana, Bruce Yarrow and Justin

Rocquemore are planning to take the next operator certification exam scheduled in September 2017.

4. **Construction Project Report.** In Tony Cocozzella's absence, Mr. Hand reviewed for both Boards the Capital Project Information and Construction Status Report for both Platte Canyon and Southwest. His Report updated the Boards as to the status of all ongoing Platte Canyon and Southwest projects, including developer and District-specific projects. The Report also identifies 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 regular meeting of the Boards is scheduled for Friday, October 27, 2017 in the Districts' offices located at 8739 West Coal Mine Avenue, Littleton, Colorado, 80123.

SOUTHWEST ACTION ITEMS

CALL TO ORDER

The Southwest Action Item portion of the joint meeting was called to order by Southwest President, Anthony M. Dursey, who presided as Chair.

1. **Approval of Southwest Agenda.** Following a brief discussion, 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 |
| Kenton C. Ensor, Jr. | Aye |
| George E. Hamblin, Jr. | Aye |
| Chuck Hause | Aye |
| Bernard J. Sebastian, Jr. | Aye |

2. **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 September 2017, in the aggregate amount of \$105,800.91, represented by Southwest check numbers 18840 through 18869, inclusive, including three 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 Hamblin to ratify, approve, and confirm the vouchers paid and payable, as presented, and to authorize Southwest Directors to execute

checks in payment thereof. 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 |

3. **Southwest Investment/Deposit Transaction Report.** The Boards reviewed the Schedule of Investment Principal Activity for Southwest for the month of August 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; and

(c) **Renewals.** On August 24, 2017, Southwest renewed various certificates of deposit in the CDARs Program having an aggregate value of \$1,106,117.61, purchasing an additional one-year Certificate of Deposit spread out at various banks. The newly purchased CDs will mature August 23, 2018 and have a face rate of interest of 1.1400% per annum.

At the conclusion of Vanessa Shipley's discussion of the above-referenced investment transactions, a motion was made by Southwest Director Hause and seconded by Southwest Director Dursey to accept the Southwest Investment Principal Activity for the month of August 2017. 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 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.

ADJOURNMENT

There being no further business to come before this joint regular meeting of the Platte Canyon and Southwest Boards, a motion to adjourn was made by Southwest Director Hause and seconded by Platte Canyon Director Dursey. 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 |

The Chair then 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 |

Whereupon, this joint regular meeting of the Platte Canyon and Southwest Boards of Directors adjourned at approximately 9:20 a.m. The next meeting of the Boards will be a special meeting to be held on Friday, October 27, 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

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.

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