

# **RECORD OF PROCEEDINGS**

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## **MINUTES OF JOINT REGULAR MEETING**

### **BOARD OF DIRECTORS**

#### **SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT**

#### **AND**

#### **PLATTE CANYON WATER AND SANITATION DISTRICT-<sup>1</sup>**

Friday  
October 28, 2016  
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, October 28, 2016, 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  
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 Buckner  
Anthony M. Dursey  
Louis J. Fohn  
George E. Hamblin, Jr.  
Richard Rock

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<sup>1</sup> and each District’s Water and Sanitary Sewer Activity Enterprise.

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The following Platte Canyon staff members were in attendance: Patrick J. Fitzgerald, manager; Vanessa Shipley, financial administrator; Scott Hand, operations supervisor; Tony Cocozzella, construction, plan review, and special projects coordinator; and Alyssa Quinn, administrative assistant.<sup>2</sup>

Also in attendance were: Richard H. Cassens, from ENS Consultants, 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 Director Anthony M. Dursey, who presided as Chair.

### SOUTHWEST ACTION ITEMS

1. **Approval of Southwest Agenda.** A motion was made by Southwest Director Ensor 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

2. **Southwest Accounts Payable.** The Boards reviewed a list and supplemental list of Southwest vouchers paid (checks under \$2,500.00) and payable for the month of October 2016, in the aggregate amount of \$631,667.35, represented by Southwest check numbers 18503 through 18540, inclusive, 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:

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<sup>2</sup> 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.

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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 September 2016, 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 were redeemed or sold by Southwest during the month; and

(c) **Renewals.** On September 22, 2016, Southwest renewed a \$145,000.00 Certificate of Deposit at Flatirons Bank for a term of two years at an interest rate of .75% per annum.

At the conclusion of the above-referenced Investment Transaction Report, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to ratify, approve, and confirm the Southwest Investment Principal Activity Report for the month of September 2016. 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

4. **Approval of Purchase Order to Abandon Ten-Inch Water Main at Peakview Avenue and Wadsworth Boulevard.** At the request of the manager, this matter was deferred until the December meeting.

### **SOUTHWEST INFORMATION/DISCUSSION ITEMS**

1. **Proposed 2017 Southwest Budget.** To facilitate all Board members and, in particular, the Southwest Board members' understanding of Southwest's proposed 2017 budget, the manager provided a comprehensive overview of the budget, but did not

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review the budget on a line-by-line item basis. The overview included a review of the services provided by Southwest, a summary of Southwest's anticipated revenues and expenditures, including capital expenditures for 2017, a discussion of Southwest's reserves, and Southwest's updated ten-year financial plan.

The manager also noted the total number of people served by Southwest, the services provided, and various budget highlights, including the length of water and sewer line miles maintained by the District.

Total revenue from all sources for 2017 is projected to be \$1,144,994.00. Total expenditures are projected to be \$2,350,556.00, which is \$531,265.00 less than budgeted in 2016. General fund expenditures are budgeted at \$1,624,533.00, which is \$53,050.00, or 3.2%, less than the 2016 budget. Capital expenditures are budgeted at \$726,023.00, which is \$531,023.00, or 42.3%, less than budgeted in 2016. The reserve fund balance is projected to decrease \$1,206,362.00 in 2017 from a beginning fund balance of \$24,869,961.00 to \$23,663,599.00 as of December 31, 2017.

Notwithstanding the fact that the total general fund expense budget is being reduced in the 2017 operating budget, operating revenues will fall short of meeting expenses by approximately \$763,839.00. The primary reason for this is that the District's investment income has dropped significantly and increasing the \$1.00 service fee to \$2.50 per month will not generate sufficient income to cover the shortfall.

The capital expense budget for 2017 is well below average capital expenditures for the last three years. The 2017 capital expense budget is \$726,023.00. The average over the last three years is \$2,252,364.00. The difference is due to the completion, in 2016, of the capital-intensive Multi-Phase Interceptor Sewer Rehabilitation Project. Over the next ten years, capital expenses are projected to average only \$278,003.00 per year. This will help, but not eradicate, the annual financial operating deficit without future service fee increases.

There was considerable discussion over service fee revenue. The manager was asked to consider increasing the service fee revenue by more than a \$1.50 per month for 2017. The manager was also asked to prepare financial projections showing how the operating deficit could be eliminated with service fee revenue increases of varying amounts. The goal would be to eliminate the operating deficit in whole within the next five years. The manager will provide this information to the Board at its November meeting.

System development fee revenue is projected at \$283,000.00. This revenue consists of water and sanitary sewer tap fees anticipated from proposed and ongoing

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developments within Southwest. For 2017, Southwest's water tap fee will remain at \$7,000.00 per ¾ inch equivalent tap. Southwest's sewer tap fee will remain at \$1,100.00 per single-family residential equivalent sewer tap.

Investment income is, again, projected to be a less significant, but still substantial, component of Southwest's overall revenues in 2017. Net investment income is projected at \$335,744.00. This is 29.3% of Southwest's total revenue. Investment income is based upon a projected yield on the District's investments of approximately 1.35% per annum. Other income to Southwest during 2017 will include office lease income, capital reimbursement income, and miscellaneous income, all of which is projected at \$63,100.00.

No final decisions were made regarding the proposed 2017 budget during the meeting. It was noted that Southwest's public meeting on its proposed 2017 budget is scheduled for Friday, November 18, 2016, which is the third Friday in November.

2. **Southwest Ten-Year Financial Plan.** As part of the review of the proposed 2017 budget, the manager also reviewed Southwest's Ten-Year Financial Plan. The Ten-Year Financial Plan identifies a reserve fund balance amounting to \$24,869,961.00 at the end of 2016. The reserve fund is projected to decrease by \$1,206,262.00 to \$23,663,599.00 at the end of 2017. Over the ten-year planning period, the reserve fund is projected to decrease by approximately \$3,870,128.00 to 19,701,309 at the end of 2026. After a thorough analysis of Southwest's operating and projected capital expenditures, the Board of Directors in 2014 determined that \$19,000,000.00 is the minimum reserve fund balance needed by Southwest to ensure long-term adequate funding for operations and infrastructure renewal and replacement.

The manager noted that, depending upon expenditures and investment income, Southwest may need to accelerate its projected service fee increases in order to maintain the reserve fund balance at the required \$19,000,000.00 level. As stated earlier, the manager will present to the Board a number of financial scenarios showing an increase in the service fee revenue above the \$1.50 amount, which is projected for purposes of the draft budget that was submitted to the Board at this meeting.

3. **Southwest Capital Master Plan for 2017-2026.** The manager reviewed with the Boards the Southwest Capital Master Plan for 2017-2026, which is a comprehensive listing of all capital projects that Southwest anticipates undertaking over that period of time, as well as projected costs for each of these projects. The 2017-2026 Capital Master Plan proposes expenditures of \$680,612.00 in 2017 and \$2,961,562.00 during the entire ten-year planning period. There are two water capital projects scheduled

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for construction in 2017, one being a water main project in West Chatfield Avenue, and the other being improvements to the Hogback Pump Station. The total water improvement capital costs are budgeted at \$322,564.00. Two sewer capital projects are scheduled for 2017, at a projected total cost of \$222,624.00. One project consists of cured-in-placed lining of 2,478 feet of eight-inch concrete pipe in West Chatfield Avenue between South Kipling Street and South Kendall Boulevard, and in South Otis Street. The projected cost of this project is \$141,885.00. The second sewer project planned for 2017 calls for installation of 111 feet of new eight-inch C900 DR 14 pipe to reroute wastewater from an area in the Fairway Vista Subdivision that has been a constant sewer problem area that requires frequent maintenance. This project is projected to cost \$80,739.00. The specific water and sewer capital projects for 2017 were reviewed by the manager, together with a general discussion of the criteria that is used by Southwest staff to schedule capital projects. No final decisions regarding the Capital Master Plan were made by the Board during the meeting.

### **SOUTHWEST NEW BUSINESS**

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

### **JOINT PARTICIPATION PORTION OF THE MEETING**

Southwest 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 Hause and seconded by Southwest Director Ensor 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
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

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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' September 23, 2016 Joint Regular Meeting**. Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Platte Canyon Director Rock to approve, as written, the minutes of the Boards' September 23, 2016 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
Richard Rock	Aye

The approved minutes of the Boards' September 23, 2016 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 nine-month period ending September 30, 2016, were presented to the Boards:

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(i) Statement of Net Assets, dated September 30, 2016, showing Platte Canyon’s Assets, Liabilities and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the nine-month period ending September 30, 2016;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the nine-month period ending September 30, 2016; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the nine-month period ending September 30, 2016.

At the conclusion of Vanessa Shipley’s review of the Platte Canyon financial statements, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Hamblin 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 nine-month period ending September 30, 2016 were presented to the Boards:

(i) Statement of Net Assets, dated September 30, 2016, showing Southwest’s Assets, Liabilities and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the nine-month period ending September 30, 2016;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the nine-month period ending September 30, 2016; and

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(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the nine-month period ending September 30, 2016.

At the conclusion of Vanessa Shipley’s review of the Southwest financial statements, a motion was made by Southwest Director Ensor 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 investment pools. As of September 30, 2016, Platte Canyon’s investments and deposits totaled \$11,372,250.63, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$153,109.57	1.35%
Certificates of Deposit	\$1,243,000.00	10.93%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$3,569,199.23	31.39%
ColoTrust-Trust Account	\$422,903.15	3.72%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$999,086.84	8.79%
U.S. Government Agencies and Instrumentalities	\$4,984,951.84	43.83%
TOTAL	\$11,372,250.63	100.00%

The average yield on Platte Canyon’s investments for the month of September 2016, as calculated by staff, was 1.1259% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner to accept the Platte Canyon Schedule of

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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 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 September 30, 2016, Southwest investments and deposits totaled \$25,826,572.82, itemized as follows:

<b><u>Description</u></b>	<b><u>Amount</u></b>	<b><u>Percentage</u></b>
Checking	\$4,359.71	0.02%
Certificates of Deposit	\$2,341,537.80	9.07%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$3,750,865.50	14.52%
ColoTrust-Trust Account	\$1,154,776.63	4.47%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$8,527,680.70	33.02%
U.S. Government Agencies and Instrumentalities	\$10,047,352.48	38.90%
TOTAL	\$25,826,572.82	100.00%

The average yield on Southwest's investments for the month of September 2016, as calculated by staff, was 1.6863% per annum.

Following a brief discussion, a motion was made by Southwest Director Hamblin and seconded by Southwest Director Ensor 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:

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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 reviewed the Manager's Information Report, dated October 2016, a copy of which was previously provided to both Boards. As part of his report, the manager highlighted the following matters:

(a) **Personnel Matters**. The manager noted that Alyssa Quinn has been recognized for achievement and was awarded the James T. Walker Leadership Scholarship by the Special District Association of Colorado. This award is given to persons designated as the most outstanding leader in the Special District Association of Colorado's Leadership Academy. Alyssa participated in the year-long Leadership Academy, along with forty other highly-qualified individuals. The Board was very pleased to hear of Alyssa's accomplishment and gave her an encouraging round-of-applause.

It was also reported that assistant manager, Ashley Dalton, submitted his resignation effective October 19, 2016. The manager briefly discussed the reasons for the separation, which he indicated was mutually acceptable. The manager is in the process of searching for a replacement assistant manager. An outside recruiting firm will be utilized to assist in this process.

(b) **Distributors Denver Water Rates and Fees Technical Advisory Committee (TAC)**. Discussions are continuing between Denver Water and the Rates and Fees TAC. A meeting with Denver Water's CEO, Jim Lochhead, Julie Anderson and Angela Bricmont occurred on October 20<sup>th</sup> to discuss a counter proposal to be offered by Denver Water. A meeting to inform members of the TAC of the status of negotiations was held prior to that on October 13<sup>th</sup>. The manager noted that negotiations are continuing to go back and forth with Denver Water and he expects the process to take some time. It is hopeful that Denver Water will prepare a counter-proposal that will be acceptable to the TAC negotiating team and that can then be presented to the TAC members.

(c) **Platte Canyon's Intergovernmental Services**. The Manager noted that pursuant to Intergovernmental Agreement, Platte Canyon provides financial assistance to both Columbine Water and Sanitation District and the Valley Sanitation

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District. As a result, Vanessa Shipley is in the process of submitting a proposed 2016 budget to both the Columbine and Valley Board of Directors.

The services Platte Canyon provides to the Lochmoor Water and Sanitation District and the Bow Mar Water and Sanitation District are field and maintenance services. The accountant for Lochmoor and Bow Mar prepares the budgets for those Districts. Platte Canyon has submitted proposed maintenance budgets to the accountant for incorporation into the Lochmoor and Bow Mar budgets for 2017.

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operations and Maintenance Summary Report for September 2016. For the September reporting period, neither Platte Canyon nor Southwest had any sewer service interruptions. Platte Canyon had no water service interruptions, however, Southwest experienced one on September 21<sup>st</sup> at South Wadsworth Blvd. at West Park Hill Avenue. Mr. Hand briefly reviewed the repair activities that were involved in the water line break and provided the Board with a PowerPoint presentation that included photograph of the repair operation.

During the month, operation staff participated in a webinar discussing chloramines. Mr. Hand noted that there is an increased concern concerning utilization of chloramines versus chlorine to disinfect drinking water. Denver Water utilizing chloramines in their water treatment process.

Mr. Hand noted that he has prepared the recommended maintenance goals for Platte Canyon and Southwest for 2017, and that he will be discussing those later in the meeting.

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. As part of the review, Mr. Cocozzella also addressed those projects that are in design-phase at the present time.

5. **Maintenance Goals for 2017.** Scott Hand then reviewed the maintenance goals for Platte Canyon, Southwest, Bow Mar, Columbine, Lochmoor Water and Sanitation District and the Valley Sanitation District for calendar year 2017. The maintenance goals are prepared to facilitate the scheduling of water and wastewater facility maintenance for these Districts, utilizing labor, equipment and material in the most efficient and cost-effective manner. At the conclusion of Mr. Hand's review of the maintenance goals, which were set forth in a written report provided to all Board

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members, a motion to approve the maintenance goals was made by Platte Canyon Director Buckner and seconded by Southwest Director Hamblin. 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
Richard Rock	Aye

It was noted that the approval of the maintenance goals is required by the Intergovernmental Agreement in existence between Platte Canyon and Southwest, whereby Platte Canyon provides maintenance and administrative services to Southwest.

### **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, November 18, 2016 in the Districts' offices located at 8739 W. Coal Mine Avenue, Littleton, CO 80123. The November meeting falls on the third Friday of the month, rather than the fourth Friday of the month, due to the Thanksgiving Day holiday.

### **PLATTE CANYON ACTION ITEMS**

#### **CALL TO ORDER**

The Platte Canyon Action Item portion of the joint 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

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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 October 2016 in the aggregate amount of \$313,561.43, represented by Platte Canyon check nos. 30751 through 30808, 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 Fohn and seconded by Platte Canyon Director Buckner to: (a) ratify, approve, and confirm all checks written and all electronic fund transfers occurring since the Platte Canyon September 23, 2016 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 September 2016, 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

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(c) **Renewals.** On September 22, 2016, Platte Canyon renewed a \$145,000.00 Certificate of Deposit at Flatirons Bank for a two-year term, ending on September 22, 2018 and earning interest at the rate of 0.75% per annum.

At the conclusion of Vanessa Shipley's discussion of the above-referenced Investment/Deposit Transaction Report, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to ratify, approve, and confirm the Platte Canyon investment principal activity for the month of September 2016. 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**

1. **Proposed 2017 Platte Canyon Budget.** To facilitate all Board members and, in particular, the Platte Canyon Board members' understanding of Platte Canyon's proposed 2017 budget, the manager provided a comprehensive overview of the budget, but did not review the budget on a line-by-line item basis. The overview included a review of the services provided by Platte Canyon, a summary of Platte Canyon's anticipated revenues and expenditures, including capital expenditures for 2017, a discussion of Platte Canyon's reserves, and the impact on those reserves of Platte Canyon's anticipated expenditures, as well as a review of Platte Canyon's ten-year financial plan.

Total revenue from all sources for 2017 is projected to be \$2,949,455.00. Total expenditures are projected to be \$4,279,378.00, which will result in a deficit of \$1,329,923.00 and a reduction in the District's reserves from \$10,525,994.00 to \$9,196,072.00.

Platte Canyon will continue to provide administrative and maintenance services to Southwest, Bow Mar Water and Sanitation District, Columbine Water and Sanitation District, and the Lochmoor Water and Sanitation District, as well as the Valley Sanitation District. Revenue received from these services is projected to be \$1.2 million, which is 41.7% of total Platte Canyon revenue.

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No increase in fees, charges or tax levies or new revenue sources are projected in 2017, other than the labor and equipment cost adjustments. The total general expense budget for 2017 is 3.4% less than the 2016 budget.

The Platte Canyon budget for 2017 also includes budgets for Platte Canyon Subdistrict No. 1 and Platte Canyon Subdistrict No. 2. Both of these subdistricts were organized to improve the infrastructure within condominium association properties. Their primary function during 2017 will be to serve the debt that was incurred by the subdistricts to finance the infrastructure improvements that were made.

No final decisions were made regarding Platte Canyon's 2017 budget. It was noted that the public hearing on Platte Canyon's 2017 budget is scheduled for November 18, 2016, which is the third Friday in November.

2. **Platte Canyon's Ten-Year Financial Plan.** As part of the review of the proposed 2017 budget, the manager also briefly reviewed Platte Canyon's Ten-Year Financial Plan. The Ten-Year Financial Plan identifies a reserve fund balance amounting to \$10,525,995.00 at the end of 2016. The reserve fund is projected to decrease to \$9,196,072.00 at the end of 2017. Over the ten-year planning period, the reserve fund balance is projected to increase to \$13,852,781.00. The increase in reserves is primarily due to the decrease in capital projects anticipated over the planning period.

3. **Platte Canyon Capital Master Plan for 2017-2026.** The manager reviewed with the Boards the Platte Canyon Capital Master Plan for 2017-2026, which is a comprehensive listing of all capital projects that Platte Canyon anticipates undertaking over that period of time, as well as projected costs for each of these projects. The 2017-2026 Capital Master Plan for Platte Canyon proposes expenditures of \$1,823,651.00 in 2017 and \$4,387,788.00 during the ten-year planning period extending through 2026. Over that period of time, water facility replacement projects account for 60% of the total proposed expenditures, while sanitary sewer rehabilitation expenses and vehicle and equipment purchases account for 15% and 25%, respectively.

Three water improvement projects are planned for construction during 2017. The most significant being the improvements to Platte Canyon Scott J. Morse pump station located at 7677 W. Ken Caryl Avenue. Expenditures on this project, including contingencies, are budgeted at \$780,865.00. Other capital projects including a waterline replacement on W. Canyon Drive between W. Canyon Avenue and S. Depew Street in the Columbine Hill Subdivision. A replacement of approximately 1,946 linear feet of 6 inch cast iron pipe in the Bow Mar South Subdivision and the replacement of a pressure reducing valve and piping the Columbine West Subdivision.

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During 2017 four sewer rehabilitation project are planned, including a cured-in-place lining of 2,692 linear feet of 8 inch concrete sewer pipe in the Normandy Estates Subdivision. The cured-in-place lining of 2,210 linear feet of 8 inch concrete pipe also in the Normandy Estates Subdivision. In addition, there are various sections of sewer collection pipe that need to be rehabilitated. A general contingency of \$25,000 is budgeted for these projects.

### **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
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
Richard Rock	Aye

## RECORD OF PROCEEDINGS

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Whereupon, this joint regular meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 11:10 a.m. The next regular joint meeting of the Boards will be held on Friday, November 18, 2016, at 8:30 a.m. in the Districts' office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

Respectfully submitted,

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Timothy J. Flynn, Recording Secretary

**RECORD OF PROCEEDINGS**

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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

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Anthony M. Dursey

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William D. Buckner

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Kenton C. Ensor, Jr.

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Anthony M. Dursey

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George E. Hamblin, Jr.

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Louis J. Fohn

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Chuck Hause

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George E. Hamblin, Jr.

---

Bernard J. Sebastian, Jr.

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Richard Rock