

RECORD OF PROCEEDINGS

MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

PLATTE CANYON WATER AND SANITATION DISTRICT

AND

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT¹

Friday
November 18, 2016
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, November 18, 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 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; Vanessa Shipley, financial administrator; Scott Hand, operations

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

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supervisor; Tony Coccozella, construction, plan review, and special projects coordinator; and Alyssa Quinn, administrative assistant.²

Also in attendance were: Rich 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 Platte Canyon Director 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 November 2016 in the aggregate amount of \$254,208.58, represented by Platte Canyon check nos. 30809 through 30851, 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 Fohn to: (a) ratify, approve, and confirm all checks written and all electronic fund transfers occurring since the Boards' October 28, 2016 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

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.

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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 October 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

(c) **Renewals.** On October 4, 2016, Platte Canyon renewed a \$100,000.00 Certificate of Deposit at the Bank of Denver, for a period of one year, at an interest 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 Dursey and seconded by Platte Canyon Director Fohn to ratify, approve, and confirm the Platte Canyon investment principal activity for the month of October 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 |

4. **Adoption of 2017 Budget.** The Chair opened the Public Hearing on Platte Canyon's proposed 2017 budget. Notice of the Hearing was published in accordance with the Local Government Budget Law by staff. No members of the public appeared in person, or otherwise registered any objections or offered any amendments to the proposed 2017 budget, which is balanced as required by law. The Chair then closed the Public Hearing on the 2017 Budget.

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Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Hamblin to adopt Resolution 2016-11-1, a copy of which is attached to the original of these minutes, which Resolution formally adopts the proposed 2017 budget, as heretofore submitted and amended, as the official budget for Platte Canyon for calendar year 2017, subject to whatever minor adjustments, if any, need to be made when the final Assessed Valuations are received from Arapahoe and Jefferson County. 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 Board then considered Resolution 2016-11-2, which authorizes and appropriates the sum of \$4,279,378.00 for expenditure by Platte Canyon in calendar year 2017. The motion to adopt said Resolution 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 |

A copy of Resolution 2016-11-2 is attached to the original of these minutes.

Platte Canyon's 2017 budget contemplates the expenditure of property tax revenues, and the manager addressed the need for certifying a Property Tax Mill Levy. Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to adopt Resolution 2016-11-3, a copy of which is attached to the original of these minutes, which Resolution formally authorizes certification of an Operation and Maintenance Mill Levy of 7.126 mills, consisting of a General Operating Mill Levy of 7.104 mills and a Mill Levy for Refunds and Abatements of 0.022 mills for tax year 2016. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

As referenced earlier, the Budget Resolution, Appropriation Resolution and Mill Levy Certification Resolution were adopted, subject to whatever adjustments are necessary when the final Assessed Valuation for Platte Canyon is received from the Arapahoe and Jefferson County Assessors' Offices.

5. **Approval of Platte Canyon Capital Master Plan for 2017-2026.** The manager then reviewed, briefly, the Platte Canyon Capital Master Plan for 2017-2026. The Capital Master Plan was reviewed in detail at last month's meeting and the manager noted that no material changes were made to the Plan since the time of its initial review by both Boards. Following a brief discussion, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Fohn to approve the Platte Canyon Capital Master Plan for 2017-2016. 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 |

6. **Approval of Schilling & Company Audit Engagement Letter for 2016 Audit.** Vanessa Shipley and the manager reviewed Schilling & Company, Inc.'s Audit Engagement Letter for the 2016 Platte Canyon audit. The Engagement Letter is on the same form of agreement as utilized by Schilling & Company for the 2015 audit, with the exception that there is a \$200.00 increase in the audit fee from \$6,800.00 to \$7,000.00. Following a brief discussion, a motion to accept Schilling & Company, Inc.'s Audit Engagement Letter for 2016 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:

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

The motion included authority for Platte Canyon's President or other Officer to execute the Engagement Letter.

7. **Approval of Water/Wastewater Removal and Site Cleanup Services Agreement with Blusky Restoration Contractors, LLC.** Platte Canyon utilizes the services of two companies to provide emergency water and wastewater removal and site cleanup services, at such times as there is an emergency and/or unauthorized discharge of water from the District's water or wastewater systems. The manager briefly reviewed a proposed form of Agreement with Blusky Restoration Contractors, LLC, which company Platte Canyon has contracted with for the last couple of years. He noted that the Agreement is the same as in prior years, except that some of the unit price costs have increased slightly.

Following a general discussion, and based on staff's recommendation, a motion was made by Platte Canyon Director Hamblin and seconded by Platte Canyon Director Buckner to approve the proposed Agreement with Blusky Restoration Contractors, LLC, and to authorize appropriate officers of the District to execute the same. 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 Agreement has an initial term of one year that can be automatically extended for two successive one-year periods on the same terms and conditions. Each term of the Agreement is subject to annual appropriation and budgeting by Platte Canyon's Board.

8. **Approval of Water/Wastewater Removal and Site Clean Up Services Agreement with Belfor Property Restoration.** Belfor Property Restoration is the second company that Platte Canyon has used for numerous years to provide emergency water and wastewater removal and site cleanup services. The unit prices for that contract are the same as Blusky Restoration Contractors, LLC. Following a brief discussion and

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based upon staff's recommendation, a Motion to accept the Belfor Property Restoration Agreement 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 |

The Belfor Agreement also has a term of one year that renews automatically for two additional years on the same terms and conditions. Each year the Agreement is subject to annual appropriation and budgeting by Platte Canyon.

9. **Adoption of Resolution 2016-11-4 Establishing a Fee Schedule for 2017.**

The manager then reviewed Resolution 2016-11-4 which establishes Platte Canyon's fee schedule for 2017. Platte Canyon's construction, inspection and plan review fees are being increased in light of the historical costs of providing that service. These fees constitute an initial deposit and the developer or contractor is billed at the conclusion of the project for any costs not previously paid through the fee. Following a brief discussion, a Motion to adopt Resolution 2016-11-4 was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Fohn. 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 |

A copy of Resolution 2016-11-4 is attached to the original of these minutes.

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.

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TEMPORARY RECESS

A motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Dursey to temporarily recess the joint regular meeting so that the Platte Canyon Board could convene as the *ex officio* Board of the Platte Canyon Water and Sanitation District Subdistrict No. 1 and Subdistrict No. 2. 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 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 the joint regular meeting was temporarily recessed at approximately 9:15 a.m.

JOINT PARTICIPATION PORTION OF THE MEETING

The joint meeting of the Platte Canyon and Southwest Boards reconvened at approximately 9:30 a.m. Platte Canyon Director Rock continued to act as Chair 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 Platte Canyon Director Buckner 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:

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| | |
|------------------------|-----|
| 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' October 28, 2016 Joint Regular Meeting.** A motion was made by Southwest Director Hause and seconded by Platte Canyon Director Buckner to approve, as written, the minutes of the Boards' October 28, 2016 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' October 28, 2016 joint regular meeting were then presented to the members of each Board for signature as further evidence of ratification, confirmation, and approval.

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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 ten-month period ending October 31, 2016, were presented to the Boards:

(i) Statement of Net Assets, dated October 31, 2016, showing Platte Canyon's Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the ten-month period ending October 31, 2016;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the ten-month period ending October 31, 2016; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the eight-month period ending October 31, 2016.

As part of her review of the financial statements, Vanessa Shipley noted those line items that had variances from the adopted budget and/or were higher year-to-date than anticipated at the beginning of the year.

At the conclusion of Vanessa Shipley's review of the Platte Canyon financial statements, 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 ten-month period ending October 31, 2016 were presented to the Boards:

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- (i) Statement of Net Assets, dated October 31, 2016, showing Southwest's Assets, Liabilities, and Net Assets;
- (ii) Statement of Revenue, Expenses, and Changes in Net Assets for the ten-month period ending October 31, 2016;
- (iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the ten-month period ending October 31, 2016; and
- (iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the ten-month period ending October 31, 2016.

Following Vanessa Shipley's review of the Southwest financial statements, during which she also noted the various line items that had variances from the adopted budget and the reasons therefore, including the fact that Southwest had not yet received its third quarter water service fee revenue from Denver Water, 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 October 31, 2016, Platte Canyon's investments and deposits totaled \$11,190,086.14, itemized as follows:

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| <u>Description</u> | <u>Amount</u> | <u>Percentage</u> |
|---|-----------------|-------------------|
| Checking | \$193,185.04 | 1.73% |
| Certificates of Deposit | \$1,243,000.00 | 11.11% |
| ColoTrust-Prime | \$0.00 | 0.00% |
| ColoTrust-Plus | \$3,346,639.76 | 29.91% |
| ColoTrust-Trust Account | \$422,667.48 | 3.78% |
| Treasury Bills | \$0.00 | 0.00% |
| Treasury Notes | \$999,190.91 | 8.93% |
| U.S. Government Agencies and Instrumentalities | \$4,985,402.95 | 44.55% |
| TOTAL | \$11,190,086.14 | 100.00% |

The average yield on Platte Canyon's investments for the month of October 2016, as calculated by staff, was 1.1575% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Dursey 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 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 October 31, 2016, Southwest investments and deposits totaled \$25,278,003.75, itemized as follows:

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| <u>Description</u> | <u>Amount</u> | <u>Percentage</u> |
|---|-----------------|-------------------|
| Checking | \$979.45 | 0.00% |
| Certificates of Deposit | \$2,341,537.80 | 9.26% |
| ColoTrust-Prime | \$0.00 | 0.00% |
| ColoTrust-Plus | \$3,177,390.52 | 12.57% |
| ColoTrust-Trust Account | \$1,184,968.01 | 4.69% |
| Treasury Bills | \$0.00 | 0.00% |
| Treasury Notes | \$8,526,948.88 | 33.73% |
| U.S. Government Agencies and Instrumentalities | \$10,046,179.09 | 39.74% |
| TOTAL | \$25,278,003.75 | 100.00% |

The average yield on Southwest's investments for the month of October 2016, as calculated by staff, was 1.7180% per annum.

Following a brief discussion, a motion was made by Southwest Director Sebastian 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:

| | |
|---------------------------|-----|
| 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 November 2016, a copy of which was previously provided to both Boards. As part of his report, the manager highlighted the following matters:

(a) **Distributors Denver Water Rates and Fees Technical Advisory Committee (TAC).** Discussions with Denver Water and the Rates and Fees TAC have resulted in a compromise solution that the Denver Water's staff and TAC representatives jointly presented to the Board of Water Commissioners on November 16, 2016. The compromise solution proposes that a 19% multiplier be used to calculate the Additional Amount collected by Denver Water from suburban customers, by applying that fixed percentage multiplier to the cost of service allocations for the various distributor classes using a simplified regional cost allocation method that allocates to all customers of Denver Water's regional system a proportionate share, of all shared system costs (relative to their water demand). In addition, suburban distributors will share in the approximate

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3.2 million dollar cost of providing water to Denver City government facilities, including Denver Parks. The compromise solution will reduce the Additional Amount collected by Denver Water from 18.8 million to 15.8 million. With respect to most distributors this will result in decreased rates. Total service distributors, however, will experience a slight increase in rates. The Board of Water Commissioners will also consider a 3% revenue rate increase for 2017.

The joint recommendation was qualified by the TAC to say that it was subject to approval by the various distributors who are members of the TAC. The Boards of Platte Canyon and Southwest felt that the compromise solution was a great success and hope that it is adopted by the Board of Water Commissioners at its December meeting.

(b) **Personnel Matters.** The manager reported that the search to find an assistant manager is proceeding and he expects to present the Platte Canyon Board with a proposal from the recruitment firm of Human Resource Advisors of Colorado at the Board's December meeting.

Initial health insurance renewal quotes have been received and it appears Platte Canyon will receive favorable premiums for 2017. The renewal premium from United Health Care proposes only a 1% increase from the 2016 premium. The employee benefit package will be submitted to both Board for approval during the December joint regular meeting.

(c) **Miscellaneous Matters.** Due to the lateness of the hour, the manager did not discuss the remaining provisions of the Manager's Information Report. He offered to respond to questions. There were no questions.

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operation and Maintenance Summary Report for October 2016. For the October reporting period, neither Platte Canyon nor Southwest had any sanitary sewer service interruptions. Southwest had one water service interruption which occurred on October 6, 2016 at approximately 6272 S. Flower Way in the Kipling Villas Subdivision. This was a break on a six inch asbestos cement pipe that had been installed in 1974. The pipe failed over a sewer service trench and was repaired without significant water service interruptions to Southwest customers using a repair clamp.

Mr. Hand noted that all water remedial repairs for 2016 are complete. Additional remedial repairs are budgeted for 2017.

The renovation of Platte Canyon's, recently renamed, Scott J. Morse Water Pump Station is proceeding smoothly. The pump station was recently taken off line so that the

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pressure zones could be realigned. Currently, the contractor is demolishing all piping and electrical equipment within the pump station.

The abandonment of a 10 inch waterline in South Wadsworth Boulevard that parallels a 16 inch Southwest water main is on hold. Staff is waiting to obtain quotes that are in line with what staff believes is reasonable. At the present time staff is waiting on a third proposal to be received from Levi Contractors, and Tony Cocozzella is working with RD Pipeline to obtain a fourth proposal.

The repaving of the District's office parking lot has gone well and has been completed.

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. **Joint Board Meeting Schedule for 2017.** For 2017 staff recommended that both Boards continue to meet jointly on the fourth Friday of each month with the exception that the November meeting in 2017 will be on the third Friday, due to the Thanksgiving Holiday.

Following a brief discussion, a motion to adopt the proposed 2017 joint meeting schedule was made by Platte Canyon Director Buckner and seconded by Southwest 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:

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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 |

NEW BUSINESS

There was no new business to come before the joint participation portion of the meeting. The next joint regular meeting of the Board is scheduled for Friday December 16, 2016 in the District's offices located at 8739 W. Coal Mine Avenue, Littleton, Colorado 80123. This is the third Friday of the month due to the Christmas Holiday.

SOUTHWEST ACTION ITEMS

CALL TO ORDER

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

1. **Approval of Southwest Agenda.** Following a brief discussion, a motion was made by Southwest Director Hamblin and seconded by Southwest Director Ensor 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 November 2016, in the aggregate amount of \$267,173.13, represented by Southwest check numbers 18541 through 18581, inclusive, including two electronic fund transfers in payment of Xcel Energy and Century Link bills.

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to ratify, approve, and confirm the vouchers paid and payable, as presented. And to authorize Southwest Directors to execute checks

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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 October 2016, which reflects the following transactions:

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

(b) **Redemptions.** On investment securities were redeemed or sold by Southwest during the month; and

(c) **Renewals.** On October 1, 2016, Southwest renewed a \$100,000 certificate of deposit at the Bank of Denver for a period of one year, at an interest rate of 0.75% per annum.

At the conclusion of Vanessa Shipley's discussion of the above-referenced investment transactions, 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 October 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 |

1. **Adoption of 2017 Budget.** The Chair opened the public hearing on Southwest's proposed 2017 budget. Notice of the hearing was published in accordance with the Local Government Budget Law by staff. No members of the public appeared in person or otherwise registered any objections or offered any amendments to the proposed 2017 budget, which is balanced as required by law. The Chair then closed the public hearing.

RECORD OF PROCEEDINGS

Following a discussion during which the manager noted that the budget had been amended as discussed at last month's meeting to provide for a \$3.00 per month service charge to Southwest's customers, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to adopt Resolution 2016-11-1, a copy of which is attached to the original of these minutes, which Resolution officially adopts the proposed 2017 budget as heretofore submitted and amended, as the official budget for Southwest for calendar year 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 |

The Southwest Board then considered Resolution 2016-11-2, a copy of which is attached to the original of these minutes, which Resolution authorizes and appropriates the sum of \$2,353,237 for expenditure by Southwest in calendar year 2017. The motion to adopt said Resolution was made by Southwest Director Sebastian and seconded by Southwest Director Hause. 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 Southwest 2017 budget as adopted does not contemplate receipt or expenditure of any property tax revenue by Southwest. Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to adopt Resolution 2016-11-3, a copy of which is attached to the original of these minutes, which Resolution authorizes certification of zero property tax mill levy to the Boards of County Commissioners of Arapahoe, Jefferson and Douglas Counties, Colorado. The Chair called for a vote of the Southwest Board, and the vote was as follows:

RECORD OF PROCEEDINGS

| | |
|---------------------------|-----|
| 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 2016-11-5 Establishing a Southwest Fee Schedule for 2017.**

The manager then reviewed the Board Resolution 2016-11-5 which establishes Southwest's fee schedule for 2017 which reaffirms all of the same fees that were in place during 2016 with the exception that the District's construction, inspection and plan review fees have been increased in light of historical costs of providing that service. It was noted that the fees, in essence, represent an initial deposit and the developer or contractor is billed at the conclusion of the project for any amount that was not previously collected through the fee. Following a brief discussion, a Motion to adopt Resolution 2016-11-5 was made by Southwest Director Sebastian and seconded by Southwest Director Hause. 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 |

A copy of Resolution 2016-11-5 is attached to these minutes.

3. **Approval of Southwest Capital Master Plan for 2017 through 2026.**

The manager then reviewed, briefly, the Southwest Capital Master Plan for 2017-2026. The Capital Master Plan had been reviewed in detail at last month's meeting and the manager noted that there had been no material changes to the Plan since the time of its initial review by both Boards. Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to approve the Southwest Capital Master Plan for 2017-2016. 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 |

RECORD OF PROCEEDINGS

4. **Approval of Schilling & Company Audit Engagement Letter for 2016 Audit.** Vanessa Shipley and the manager reviewed Schilling & Company, Inc.'s Audit Engagement Letter for the 2016 Southwest audit. The Engagement Letter is on the same form of agreement as utilized by Schilling & Company for the 2015 audit, with the exception that there is a \$200.00 increase in the audit fee from \$5,200.00 to \$5,400.00. Following a brief discussion, a motion to accept Schilling & Company, Inc.'s Audit Engagement Letter for 2016 was made by Southwest Director Sebastian and seconded by Southwest Director Hause. 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 motion included authority for Southwest's President or other Officer to execute the Engagement Letter.

5. **Approval of the Water/Wastewater Removal and Site Clean Up Services Agreement with Blusky Restoration Contractors, LLC.** Southwest utilizes the services of two companies to provide emergency water and wastewater removal and site cleanup services, at such times as there is an emergency and/or unauthorized discharge of water from the District's water or wastewater systems. The manager briefly reviewed a proposed form of Agreement with Blusky Restoration Contractors, LLC, which company Southwest has contracted with for the last couple of years. He noted that the Agreement is the same as in prior years, except that some of the unit price costs have increased slightly.

Following a general discussion, and based on staff's recommendation, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to approve the proposed Agreement with Blusky Restoration Contractors, LLC, and to authorize appropriate officers of the District to execute the same. The Chair called for a vote of the Southwest Board, and the vote was as follows:

RECORD OF PROCEEDINGS

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

The Agreement has an initial term of one year that can be automatically extended for two successive one-year periods on the same terms and conditions. Each term of the Agreement is subject to annual appropriation and budgeting by Southwest's Board.

6. **Approval of Water/Wastewater Removal and Site Clean Up Services Agreement with Belfor Property Restoration.** Belfor Property Restoration is the second company that Southwest has used for numerous years to provide emergency water and wastewater removal and site cleanup services. The unit prices for that contract are the same as Blusky Restoration Contractors, LLC. Following a brief discussion and based upon staff's recommendation, a Motion to accept the Belfor Property Restoration Agreement was made by Southwest Director Sebastian and seconded by Southwest Director Hause. 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 Belfor Agreement also has a term of one year that renews automatically for two additional years on the same terms and conditions. Each year the Agreement is subject to annual appropriation and budgeting by Southwest.

7. **Adoption of Resolution 2016-11-6A Setting a Date, Time and Location for Final Consideration of a Resolution to Include the Overlook Plateau Subdivision into Southwest.** The manager briefly explained the process that the District would like to utilize to include the Overlook Plateau Subdivision into Southwest. It would involve conducting an election within the area to determine if the voters would approve including into Southwest. Based on preliminary meetings that have been held with the Homeowners Association it appears that the election should pass.

RECORD OF PROCEEDINGS

At the conclusion of the discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to adopt Resolution 2016-11-6A. 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 |

A copy of Resolution 2016-11-6A is attached to the original of these minutes.

8. **Approval of Purchase Order to Abandon 10 Inch Watermain at Peakview Avenue and Wadsworth Boulevard.** This matter was deferred until the December meeting as discussed earlier in the joint participation portion of the meeting by Scott Hand.

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 Platte Canyon Director Hamblin and seconded by Southwest Director Hause. 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:

RECORD OF PROCEEDINGS

| | |
|---------------------------|-----|
| 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 Southwest and Platte Canyon Boards of Directors adjourned at approximately 10:00 a.m. The next regular joint meeting of the Boards will be held on Friday, December 16, 2016, 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