

RECORD OF PROCEEDINGS

MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

AND

PLATTE CANYON WATER AND SANITATION DISTRICT¹

Friday
October 27, 2017
Jefferson County, Colorado

The regular monthly meeting of the Board of Directors of the Southwest Metropolitan Water and Sanitation District (“Southwest”) and the Board of Directors of the Platte Canyon Water and Sanitation District (“Platte Canyon”) convened on Friday, October 27, 2017, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. Although jointly conducted, a portion of the meeting pertained solely to one District or the other and, accordingly, at times only the vote of one Board or the other was required.

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

Anthony M. Dursey
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

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.

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

Also in attendance were Richard Cassens, from ENS Consulting, Platte Canyon's consulting engineer; and Timothy J. Flynn, from Collins Cockrel & Cole, P.C., legal counsel for both Districts.

CALL TO ORDER

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

SOUTHWEST ACTION ITEMS

1. **Approval of Southwest Agenda.** A motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause 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 October 2017, in the aggregate amount of \$155,605.14, represented by Southwest check numbers 18871 through 18908, 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:

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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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 2017, which reflects the following transactions:

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

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

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

At the conclusion of the discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to accept the Southwest Investment Principal Activity Report for the month of September 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	Aye

SOUTHWEST INFORMATION/DISCUSSION ITEMS

1. **Proposed 2018 Southwest Budget.** To facilitate all Board members' and, in particular, the Southwest Board members' understanding of Southwest's proposed 2018 Budget, Vanessa Shipley provided a comprehensive overview of the Budget she had prepared for Southwest, but did not 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 2018, a discussion of Southwest's reserves, and Southwest's updated Ten-Year Financial Plan. Vanessa noted the total number of people served by Southwest, the services

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provided, and various budget highlights, including the length of water and sewer lines maintained by Southwest.

Total revenue from all sources for 2018 is projected to be \$1,375,630. Total expenditures are projected to be \$2,738,034. For 2018, Southwest is projecting a deficit of \$1,362,404, which will be paid for out of Southwest's reserves.

The total operations and maintenance budget for 2018 is \$971,600 or \$18,200 less than the amount budgeted in 2017. Administrative services will continue to be provided by Platte Canyon. The 2018 budget for these services is \$493,500, or \$23,500 more than the 2017 budget. The total amount in 2018 budgeted for services provided by Platte Canyon is \$1,096,100, or 3.1% more than budgeted in 2017.

The capital expense budget for 2018 is \$1,009,006, and is less than the average capital expenditures over the past three years of \$1,339,290. This is because Southwest has now completed the significant multi-phase rehabilitation of its sewer interceptors. Over the next ten years, the capital expenditures are projected to average only \$296,468 per year.

The 2018 Budget proposes an increase in the water and sewer service fee from \$3.00 to \$5.00 per month for ¾" equivalent water tap in order to reduce continuing annual deficits of up to \$1 million. Without the service fee increase, Southwest's 2018 deficit would have been \$1,720,148, rather than \$1,375,630. Service fees are budgeted at \$894,360 and investment income is budgeted at \$367,350. These two sources produce approximately 94.9% of all Southwest revenue. Future developments are in the planning stages, but Southwest does not anticipate collecting tap fee revenue during 2018. Southwest receives no property tax revenue and cannot impose a property tax mill levy without the approval of its eligible electors.

The Southwest Board of Directors has provided policy guidance stating that Southwest should maintain financial reserves amounting to no less than \$19 million in order to meet expected service levels and provide adequate resources for infrastructure repair and replacement. In order to achieve this directive, water and sewer service fees must be increased by \$2 per month for ¾" equivalent every year beginning 2017 through 2019, and by \$1 in 2020. This will result in a service fee of \$9 per month for ¾" equivalent water tap. At that time, operating revenues will approximately equal operating expenses for the period 2020-2027.

No final decisions were made regarding the proposed 2018 Budget during the meeting. It was noted that Southwest's public meeting on its proposed 2018 Budget is scheduled for Friday, November 17, 2017, which is the third Friday in November.

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2. **Southwest Ten-Year Financial Plan.** As part of her review of the proposed 2018 Budget, Vanessa Shipley also reviewed Southwest's Ten-Year Financial Plan for 2018-2027. The Ten-Year Financial Plan identifies a reserve fund balance amounting to \$24,490,198 at the end of 2017. The reserve fund is projected to decrease by \$1,362,404 during 2018 so that at the end of 2018, the projected reserve fund balance is \$23,127,794. Over the ten-year planning period, the reserve fund is projected to increase \$522,211 to \$23,650,005 at the end of 2027. The average interest rate for Southwest's invested funds is assumed to be 1.5% in 2018 and increase by 0.25% per year to a maximum of 3% at the end of the planning period. Interest is projected to be the second largest source of Southwest revenue, providing approximately 26.7% of total revenue over the ten-year period, exclusive of capital project reimbursements.

It is also important to note that the District projects zero dollars in tap fee revenue in 2018, \$226,800 in 2019 and 2020, and \$315,900 in 2021. \$202,500 is projected in 2022 and 2023. In 2024, the District is projecting \$121,500 in tap fee revenue, at which time the District will have reached build-out. For purposes of the Ten-Year Financial Plan, water and sewer tap fees were projected to remain at current levels. Tap fees are \$7,000 for a ¾" water tap, and \$1,100 for a single family equivalent sewer tap.

3. **Southwest Capital Master Plan for 2018-2027.** Scott Hand reviewed with the Board Southwest's Capital Master Plan for 2018-2027, 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 2018-2027 Capital Master Plan proposes expenditures of \$742,026 in 2018 and \$2,684,472 during the entire ten-year planning period. There are two water capital projects scheduled for construction in 2018, one being a water main replacement in the Powderhorn Subdivision and the other being a water main removal and reconnection in the Woodmar Village Subdivision.

No final decisions were made regarding the Capital Master Plan at the meeting. The Capital Master Plan will be presented to the Board for approval at its November meeting.

4. **Policy Issues.** The manager then reviewed with the Board various policy issues relating to the Southwest 2018 Budget. Included in the policy discussion was the question as to whether the Board wanted to pursue a TABOR election to impose an operations and maintenance mill levy in lieu of the water and sewer service fee; whether the Board wanted to consider increasing water and sewer tap fees before all properties in the District are developed; whether the Board wants to reconsider amendments to its investment policy to broaden the scope of allowable investments to increase yield; and

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whether the Board wants to accept the proposed Capital Projects schedule for 2018 or defer some of that work; and whether the Board wants to consider a review of the reserve fund policy.

As a result of the very detailed and in-depth discussion, it was the general consensus of the Board that it is not appropriate at this time to put a TABOR election on the ballot but that the Board does not want to rule it out for future years. The Board also wants to consider the possibility of increasing water and sewer tap fees and asked staff to develop projected revenue figures. The Board also would like to consider amendments to its investment policy to broaden the scope of allowable investments to increase yield.

The Board did not want to delay any 2018 scheduled capital projects. The Board believes that the \$19 million reserve is appropriate, but will continue to review that on an annual basis.

SOUTHWEST NEW BUSINESS

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

JOINT PARTICIPATION PORTION OF THE MEETING

Southwest President Anthony M. Dursey continued to act as Chair 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 Sebastian 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	Aye

The Chair then 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

2. **Approval of the Minutes of the Boards' September 22, 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' September 22, 2017, 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	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 22, 2017 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 nine-month period ending September 30, 2017, were presented to the Boards:

(i) Statement of Net Assets, dated September 30, 2017, 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, 2017;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the nine-month period ending September 30, 2017; 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, 2017.

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 nine-month period ending September 30, 2017 were presented to the Boards:

(i) Statement of Net Assets, dated September 30, 2017, showing Southwest's Assets, Liabilities, and Net Assets;

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(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the nine-month period ending September 30, 2017;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the nine-month period ending September 30, 2017; 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, 2017.

At the conclusion of Vanessa Shipley’s review of the Southwest Financial Statements, 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	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, 2017, Platte Canyon’s investments and deposits totaled \$10,708,183.34, itemized as follows:

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<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$195,972.22	1.83%
Certificates of Deposit	\$994,000.00	9.28%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$3,019,937.82	28.20%
ColoTrust-Trust Account	\$511,965.54	4.78%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$996,044.39	9.30%
U.S. Government Agencies and Instrumentalities	\$4,990,263.37	46.60%
TOTAL	\$10,708,183.34	100.00%

The average yield on Platte Canyon’s investments for the month of September 2017, as calculated by staff, was 1.3830% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Rock 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 reviewed a list of Southwest’s investments in U.S. Government treasury notes, agency securities, certificates of deposit, and money market funds, together with a report showing the funds Southwest has in approved state depositories and authorized investment pools. As of September 30, 2017, Southwest’s investments and deposits totaled \$24,755,434.85, itemized as follows:

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<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$5,761.24	0.02%
Certificates of Deposit	\$2,348,117.16	9.49%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$2,449,836.96	9.90%
ColoTrust-Trust Account	\$3,895,443.77	15.74%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$6,022,738.97	24.33%
U.S. Government Agencies and Instrumentalities	\$10,033,536.75	40.53%
TOTAL	\$24,755,434.85	100.00%

The average yield on Southwest’s investments for the month of September 2017, as calculated by staff, was 1.8902% 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	Aye

2. **Manager’s Information Report.** The manager and assistant manager reviewed the Manager’s Information Report with respect to the portions of that report prepared by each. The report is dated October, 2017, a copy of which was previously provided to both Boards. As part of the report, the manager and assistant manager discussed the following matters:

(a) **Personnel Matters, Employee Health and Other Benefits.** The manager noted that the Districts’ broker, Employee Benefits Design, has ceased operations and has turned over its business to another broker. The manager and assistant manager have reviewed the situation and will be recommending to the Boards that the Districts retain the services of a new broker, Willis Towers Watson, and that the Districts enter into an arrangement with the Colorado Employee Benefit Trust for medical and health benefits.

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The manager and assistant manager have received proposals from the Colorado Employee Benefit Trust (“CEBT”) and are in the process of reviewing those proposals, but believe they will be making a recommendation to move the Districts’ medical insurance package to CEBT utilizing Willis Towers Watson as the broker and possibly an administrator for purposes of administrating the Districts’ health and medical benefits packages.

United Healthcare has advised the Districts that a proposal for renewal of the Districts’ health insurance plan will not be available until mid-November.

(b) **Updating Job Descriptions.** The assistant manager described the work that she has done to update the Districts’ job descriptions. The Districts are seeking to have a position of a Communications Information staff person who can assist the Districts in communicating with the news media, social media, and community activists. To fit this work into the existing staff positions, three existing job positions are being revised to streamline their duties and determine where the communication duties would best fit. At the present time, it appears that they will be converting the current receptionist position which is being eliminated into a communications and administrative services coordinator. Additionally, the job titles and job descriptions of the administrative assistant and project IT technician will be updated to reflect the revised expectations of their roles.

The new position of Communications and Administrative Services Coordinator is being advertised through various outlets available and the salary range is being determined. Currently, it is anticipated that the range would be between \$41,000 to \$65,000.

(c) **Miscellaneous Matters.** Due to the length of the meeting and the budgetary considerations that need to be dealt with in respect to Platte Canyon, the manager and assistant manager referred the Boards to the balance of their written report and asked if there were any questions. There were none and the Boards moved on to the next agenda item.

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operations and Maintenance Summary Report dated October 27, 2017. During the month, neither Southwest nor Platte Canyon experienced any sanitary sewer service interruptions. However, Platte Canyon and Southwest each experienced three water service interruptions. Platte Canyon had two water line breaks on West Geddes Circle and one on West Geddes Avenue. Southwest experienced water service interruptions on South Holland Street, West Euclid Avenue, and West Elmhurst Drive. Scott Hand

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summarized the repair activities undertaken in response to these breaks and used a PowerPoint presentation to show the repair work performed.

Remedial repairs continue to be undertaken as needed in both Districts. During September, parts were ordered to repair three broken butterfly valves which will be replaced with gate valves that are considerably less expensive than the old butterfly valves.

Adjustments were made at the Scott J. Morse pumping station to reflect the decreasing winter time demand. The jockey pump in the station is now providing most of the pumping and a change to the set points was required.

During the month, staff held an internal meeting with Dewberry Engineers to discuss, resolve and clarify the issues surrounding the SCADA system communication. Dewberry will be presenting an updated design proposal for Board consideration in the future.

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

5. **Maintenance Goals for 2018.** Scott Hand then reviewed the maintenance goals for Platte Canyon, Southwest, Bow Mar, Columbine, Lockmoor and Valley Sanitation District for calendar year 2018. 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 are set forth in a written report that was presented to both Boards, a motion to approve the maintenance goals was made by Platte Canyon Hamblin 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	Aye

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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

It was briefly 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 17, 2017 in the Districts' office located at 8739 West Coal Mine Avenue, Littleton, Colorado 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 Items portion of the joint regular meeting was called to order by Platte Canyon President Richard Rock, who presided as Chair.

1. **Approval of Platte Canyon Agenda.** Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Dursey 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

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2017, in the aggregate amount of \$335,986.99, represented by Platte Canyon check nos. 31399 through 31452, 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 Hamblin 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 22, 2017 joint regular meeting, including all checks written by the manager for less than \$2,500.00; and (b) approve for payment the payables presented to the Platte Canyon Board at this meeting, which motion included authority for Platte Canyon Directors to execute checks in payment thereof. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

3. **Platte Canyon Investment/Deposit Transaction Report.** The Boards reviewed the schedule of Investment Principal Activity for Platte Canyon for the month of September 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 discussion of the above-referenced Investment Transaction Report, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Buckner to accept the Platte Canyon Investment Principal Activity Report for the month of September 2017. 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

4. **Approval of Professional Engineering Services with ENS Consulting.**

The manager then advised the Boards that he is in possession of a proposal and have prepared an Engineering Services Agreement with ENS Consulting for the preparation of design construction plans and specification and contract documents for the replacement of 1,378 linear feet of 6” cast iron pipe in West Geddes Circle, where the District experienced two water main breaks last month. Total compensation for engineering design services is not to exceed \$13,000 without the Districts’ prior written consent. Construction services will be provided on an as-needed basis at ENS’ hourly rates.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to approve the agreement and authorize its execution by appropriate officers of Platte Canyon. 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. **2018 Budget.** To facilitate all Board members and, in particular, the Platte Canyon Board members’ understanding of Platte Canyon’s proposed 2018 Budget, Vanessa Shipley 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 2018, 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. Vanessa Shipley noted the total number of people served by Platte Canyon, including through intergovernmental agreement and provided various highlights, including the length of the water and sewer lines maintained by Platte Canyon.

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Total revenue from all sources for 2018 for Platte Canyon is projected to be \$3,242,617. Total expenditures are projected to be \$4,001,420, which will result in a deficit of \$758,803 and a reduction in Platte Canyon's reserves from \$9,790,442 to \$9,031,639.

Platte Canyon will continue to provide administrative and maintenance services to Southwest, the Bow Mar Water and Sanitation District, the Columbine Water and Sanitation District, the Lockmoor Water and Sanitation District, as well as the Valley Sanitation District. Revenue received from these services is projected to be \$1,348,110, which is 41.6% of total Platte Canyon 2018 projected revenues.

No increase in fees, charges or tax levies, or new revenue sources are projected in 2018, other than the labor and equipment cost adjustments under Platte Canyon's intergovernmental service agreements. The total general expense budget for Platte Canyon for 2018 is 5.5% greater than in 2017.

The Platte Canyon budget for 2018 also includes budgets for Platte Canyon Subdistrict No. 1 and Platte Canyon Subdistrict No. 2. Both these subdistricts were organized to improve the infrastructure within condominium association properties. Their primary function during 2018 will be to service the debt that was incurred by the subdistricts to finance the infrastructure and improvements that were made.

No final decisions were made regarding Platte Canyon's 2018 budget. It was noted that the public hearing on Platte Canyon's 2018 budget is scheduled for November 17, 2017, which is the third Friday in November.

2. **Platte Canyon Ten-Year Financial Plan.** As part of her review of the proposed 2018 Budget, Vanessa Shipley also reviewed Platte Canyon's ten-year financial plan. The ten-year financial plan identifies a reserve fund balance amounting \$9,790,433 at the end of 2017. The reserve fund is projected to decrease to \$9,031,641 at the end of 2018. Over the ten-year planning period, however, the reserve fund balance is projected to increase to \$14,631,623. The increase in reserves is primarily due to the decrease in capital projects anticipated over the planning period.

3. **Platte Canyon Master Plan for 2018-2027.** Scott Hand reviewed Platte Canyon's Capital Master Plan for 2018-2027. This is a comprehensive listing of all capital projects that Platte Canyon anticipates undertaking over the planning period, as well as projected cost for each of these projects. The 2018-2027 Capital Master Plan proposes expenditures of \$1,113,716 in 2018, and \$4,034,614 during the ten-year planning period extending through 2028. Over that period of time, water replacement

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projects account for 60% of the total proposed expenditures and sewer rehabilitation, and vehicle equipment expenses account for 15% and 25%, respectively.

Three water improvement projects are planned for construction during 2018, which includes a replacement of the Platte Canyon 16" water line that runs between Wesleywood Drive and Dutch Creek. Water main replacement projects are also planned for the Normandy Estates Subdivision, and the Columbine Manor Subdivision.

During 2018, a sewer rehabilitation project is planned for the Leewood Subdivision, which includes the rehabilitation and replacement of steps in five manholes. Also, a cured-in-place lining project is planned for various reaches throughout Platte Canyon's collection system. This work will be performed on an as-needed basis to rehabilitate structural deficiencies and to help retard root intrusion. A total of \$41,848 is budgeted for sewer improvements for 2018.

No final decisions were made regarding the Capital Master Plan at this meeting. The Platte Canyon Capital Master Plan will be presented to the Platte Canyon Board for approval at its November meeting.

4. **Policy Issues.** The manager then reviewed with the Platte Canyon Board various policy issues relating to the Platte Canyon 2018 Budget. The manager noted that as a result of the robust real estate market, the District's property tax revenue for 2018 will increase by \$151,866, which revenue increase the Board is authorized to keep pursuant to a TABOR Debrucing election that occurred a number of years ago. The Board will need to decide if it wants to retain and spend the \$451,099 authorized by the votes. Also, the Board needs to make a decision as to whether it wants to retain the current revenue margin that Platte Canyon enjoys over actual labor and equipment cost rates in providing the intergovernmental services to the various districts Platte Canyon serves.

Also included in the policy issue discussion was the question of whether the Board wanted to investigate amending its investment policy to broaden the scope of allowable investments to increase yield. Investment income for Platte Canyon is expected to generate approximately \$131,171 in 2018. This amount of revenue could be increased if the permitted investments under the District's Investment Policy were expanded.

Other issues that face the Board and will be discussed in greater detail at the Board's Budget meeting are the questions of whether Platte Canyon wants to conduct a study to consider increasing water and sewer tap fees and annexation fees, does the Board want to support a proposed 4.6% increase in total wage and benefits for 2018, and does

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the Board support a proposal to retain the proposed capital project schedule as set forth in the draft budget and to reduce reserves at the end of 2018 down to \$9,031,639.

After discussing these matters, the Board gave direction stating that they do not want to limit Platte Canyon's property tax revenues, they support the current margin on the intergovernmental service agreements, and they would like to investigate amending the District's investment policy to expand the scope of permitted investments. The Board was satisfied with the District's tap fees and was not interested in increasing sewer tap fees or annexation fees for 2018. The Board also felt that the level of reserves would continue to be evaluated on a year-by-year basis, but that the slight decrease in reserves during 2018 was acceptable. The Board supported the proposed increase in salaries, wages and benefits for District's employees.

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 Southwest Director Hause and seconded by Platte Canyon 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	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

Whereupon, this joint regular meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 11:30 a.m. The next joint regular meeting of the

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Boards will be held on Friday, November 17, 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

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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

Anthony M. Dursey

William D. Buckner

Kenton C. Ensor, Jr.

Anthony M. Dursey

George E. Hamblin, Jr.

Louis J. Fohn

Chuck Hause

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Bernard J. Sebastian, Jr.

Richard Rock