

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
January 24, 2025
Jefferson County, Colorado

The joint 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, January 24, 2025, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. For purposes of convenience, the meeting could be attended virtually using Microsoft Teams so any Board member who could not or was not comfortable physically attending, could attend by telephone or virtually.

The login and call-in information were included in the meeting notice so that interested members of the public could also attend. 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 (by telephone)
Ismael Gomez
Chuck Hause
Samuel Rivas, Jr.
Bernard J. Sebastian, Jr.

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

William D. Buckner
Anthony M. Dursey (by telephone)
Louis J. Fohn (by Telephone)
Damien Mulvany
Mark Swatek (by telephone)

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

The following Platte Canyon staff members were physically present: Cynthia Lane, manager; Alyssa Quinn, assistant manager; Vanessa Shipley, financial administrator; Armando Quintana, operations supervisor; and Justin Roquemore, construction program manager. Bridget Butterfield, communications and administrative services coordinator; and Adam Morse, GIS/website/IT technician; and Chris Cochran, construction coordinator, attended the meeting virtually via Microsoft Teams.²

Also physically in attendance was Timothy J. Flynn, from Ireland Stapleton Pryor & Pascoe PC, legal counsel for both Districts.

CALL TO ORDER

The meeting was called to order by Platte Canyon’s Secretary, William D. Buckner, who presided as Chair.

APPROVAL OF PLATTE CANYON AGENDA

Following a brief discussion, a motion was made by Platte Canyon Director Mulvany and seconded by Platte Canyon Director Swatek 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 D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

PLATTE CANYON CONSENT AGENDA ITEMS

Following a brief review, a motion was made by Platte Canyon Director Mulvany and seconded by Platte Canyon Director Swatek to approve Platte Canyon Consent Agenda Items No. 1 and No. 2, as set forth below:

1. Ratification of Interim Disbursements and Approval of Current Payables. The Platte Canyon payables and supplemental disbursements for the month of December 2024 and January 2025, in the aggregate amount of \$619,256.78 represented by Platte Canyon check nos. 35680 through 35732, inclusive, including any checks for less than \$5,000 written by the manager pursuant to prior Board authorization, as well as various electronic fund payments for employee salaries, utilities and other authorized electronic fund payment vendors.

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.

2. Platte Canyon Investment/Deposit Report. During the month of December 2024, Platte Canyon did not: (i) purchase any treasury notes or other securities; (ii) sell or have any treasury notes or other securities mature or redeem; or (iii) purchase, renew or rollover any certificates of deposit.

With respect to consent agenda items No. 1 and No. 2, the Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

PLATTE CANYON ACTION ITEMS

1. Approval of Schilling & Company, Inc. Audit Engagement Letter for 2024. The manager reviewed with the Board the audit engagement letter submitted by Schilling & Co. for performing Platte Canyon's 2024 audit for a fee not to exceed \$8,300. Schilling & Co. has performed Platte Canyon's audit for a number of years. Following a brief discussion, a motion to accept Schilling & Co.'s engagement letter and to authorize the letter to be signed by any member of the Platte Canyon Board, was made by Director Mulvaney and seconded by Director Swatek. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

2. Ratification and Approval of Platte Canyon's 2025 Contract Labor Rates. Every year in accordance with the contracts that are entered into between Platte Canyon and other Districts such as the, Valley Sanitation District, Bow Mar Water and Sanitation District, and Columbine Water and Sanitation District, Platte Canyon updates its labor rates and other charges for the services it provides. Platte Canyon's 2025 rates were provided to all entities for whom Platte Canyon performs services prior to January 1, with an effective date of February 1, 2025. The rates for 2025 increased depending upon the type of service and personnel involved, from slightly under 3% to slightly more than 12.71%. The rates were developed in accordance with best management accounting practices to fully recover Platte Canyon's cost of providing contract services and includes, in accordance with Platte Canyon Board policy, a 30% markup.

Following a brief discussion, a motion to ratify, approve and confirm Platte Canyon’s 2025 contract service rates, as developed by Platte Canyon staff was made by Platte Canyon Director Mulvany and seconded by Platte Canyon Director Swatek. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

PLATTE CANYON INFORMATION/ DISCUSSION ITEMS.

No information or discussion items came before the Platte Canyon Board at this meeting.

PLATTE CANYON NEW BUSINESS

There was no new business to come before the Platte Canyon Board

JOINT PARTICIPATION PORTION OF THE MEETING

The joint participation portion of the meeting was called to order by Southwest President, Chuck Hause who presided as Chair.

Approval of Joint Meeting Agenda

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Gomez to approve the Joint Meeting Agenda, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	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 D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

JOINT MEETING CONSENT AGENDA

1. **Approval of the Minutes of the Boards’ December 13, 2024, Joint Special Meeting.** Following a brief discussion and review, a motion was made by Southwest Director Sebastian and seconded by Platte Canyon Director Buckner to approve the minutes of the Boards’ December 13, 2024, joint regular meeting, as written. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	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 D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

The approved minutes will be presented to the members of each Board for signature as soon as practical, as further evidence of ratification, confirmation, and approval.

JOINT MEETING ACTION ITEMS

1. **Financial Matters.**

(a) **Platte Canyon Financial Statements.** The following unaudited Platte Canyon financial statements, prepared by Vanessa Shipley, for the twelve-month period ending December 31, 2024, were presented to the Boards:

(i) Statement of Net Assets, dated December 31, 2024, showing Platte Canyon’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the twelve-month period ending December 31, 2024;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the twelve-month period ending December 31, 2024; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the twelve-month period ending December 31, 2024.

Vanessa Shipley reviewed the Platte Canyon financial statements and noted those items where there was a difference in the year-to-date actual numbers compared to budgeted numbers. The main category that experienced a significant difference was remedial repairs. This year Platte Canyon personnel had to perform significant remedial repairs than anticipated at the time the 2024 budget was adopted. This increased the Platte Canyon’s cost for wages and other matters such as sick leave.

Vanessa Shipley also noted that for the year end financial statements Platte Canyon pursuant to governmental accounting policies shows its investments at the market value of those investments as of December 31, 2024. Valuing the Districts investments at market value resulted in increasing Platte Canyon’s income for the year.

At the conclusion of her review, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to accept the Platte Canyon financial statements as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn (by Teams)	Aye
Damien Mulvany	Aye
Mark Swatek	Aye

(b) **Southwest Financial Statements.** The following unaudited Southwest financial statements, prepared by Vanessa Shipley for the twelve-month period ending December 31, 2024, were presented to the Boards:

(i) Statement of Net Assets, dated December 31, 2024, showing Southwest’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the twelve-month period ending December 31, 2024;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the twelve-month period ending December 31, 2024; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the twelve-month period ending December 31, 2024.

Following Vanessa Shipley's review of the financial statements, which included her discussion of Southwest the effect that marking Southwest investments to market had upon Southwest's net income for the year, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Rivas 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
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	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 local government investment pools. As of December 31, 2024, Platte Canyon's investments and deposits totaled \$11,699,799.44, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$212,749.04	1.82%
Certificates of Deposit	\$250,000.00	2.14%
Colo Trust-Edge	\$847,278.50	7.24%
Colo Trust-Plus	\$3,424,199.68	29.27%
ColoTrust-Trust Account	\$9,236.49	0.16%
CSAFE-Core	\$3,932,805.04	33.61%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$1,512,421.89	12.93%
U.S. Government Agencies and Instrumentalities	\$1,501,188.80	12.83%
TOTAL	<u>\$11,699,799.44</u>	<u>100.00%</u>

The average yield on Platte Canyon's investments for the month of December 2024, as calculated by staff, was 3.8213% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Mulvany to accept the Platte Canyon Investment/Deposit Transaction Report.

The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
Damien Mulvany	Aye
Mark Swatek	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 December 31, 2024, Southwest investments and deposits totaled \$26,952,502.18, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$17,589.55	0.07%
Certificates of Deposit	\$249,000	0.92%
ColoTrust-Edge	\$926,677.66	3.44%
ColoTrust-Plus	\$3,232,568.13	11.99%
ColoTrust-Trust Account	\$227,857.76	0.85%
CSAFE-Core	\$1,351,405.90	5.01%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$10,963,277.10	40.68%
U.S. Government Agencies and Instrumentalities	\$9,964,126.08	37.04%
TOTAL	<u>\$26,952,502.18</u>	<u>100.00%</u>

The average yield on Southwest’s investments for the month of December 2024, as calculated by staff, was 3.0384% per annum.

Following Vanessa Shipley’s review of the financial statements, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Rivas to accept the Southwest Investment and Deposit Report as presented.

The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

INFORMATION/DISCUSSION ITEMS

1. **Manager's Report.** The manager reviewed her written management report for both Boards for the month of January 2025, a copy of which was previously included in the meeting packet. As part of her review, the manager discussed the following matters:

(a) **Regulatory Requirements, Safety and Security, and Priority Initiatives.** The manager noted that the goal of each District to meet regulatory requirements, improving safety, report on safety and security matters, and update the Board's on priority initiatives is ongoing. Further, all statutory filing requirements for each Districts will be completed by the end of January. Each District's 2025 budget was filed with the Division of Local Government in accordance with the applicable statutory deadline and the 2024 audit will begin soon and will be filed well in advance of the July 1 deadline.

As part of her discussion on this matter, the manager provided a summary of the sanitary sewer backups and waterline breaks that occurred in each District during the past year.

There were no new safety incidents to report. All workplace operations and cyber security training have been completed in accordance with applicable deadlines. Staff continues to work on implementing the site and safety programs approved by the Board in 2023.

Staff is in the process of implementing each District's priority initiatives, especially those with respect to safety, security, and fire hydrant maintenance. It was noted that the fire hydrant maintenance program and site and safety and security programs are updated for the Board on a monthly basis.

(b) **Comprehensive Sewer Evaluation Project for Scheduling Capital Projects.** The staff evaluated several options for developing a data driven method for evaluating sewer rehabilitation projects and using that method to schedule and prioritize projects in each District's capital master plan. A solution with one of the District's technology providers was identified as the best option. The purchase order for that software has been signed and the implementation of the evaluation process will begin soon. It is anticipated that the software will be fully functional by the beginning of the third quarter of 2025.

(c) **Platte Canyon's Water Main Replacement Project.** Platte Canyon's options for replacing its water distribution system infrastructure will be presented to the Board for consideration in the near future. The options will include continuing with and funding an accelerating program through the issuance of dept or in the alternative retuning to a cash funded approach that will extend over a longer period of time. It was noted that any cash funded approach will not allow as many capital projects to be done in a year without unduly increasing the District's wastewater service fee.

(d) **Update Operator Classifications and Succession Plan.** The manager is working on updating Platte Canyon's operator job descriptions and correlating them with the license levels necessary for both Platte Canyon and Southwest water distribution and wastewater collection systems. It is anticipated that a succession plan will be prepared, reviewed, updated and presented to the Board twice a year.

(e) **Denver Water System Development Charges.** Denver Water has evaluated its system development charges, which have not been reviewed by Denver Water since 2013. It is anticipated that System Development Charges will increase by 15 to 20% over the current fees, effective January 2026. The Denver Water Rates and Fees Technical Advisory Committee's (TAC) rate consultant reviewed Denver Water's System Development Charge cost study and did not find any error in the methodology that was used. A letter supporting the methodology used by Denver Water was sent to the Denver Board of Water Commissioners by the TAC. The letter stated the Distributors continued disagreement with Denver Water's practice of discounting System Development Charges for new taps issued inside the City and County of Denver.

2. **Operations and Maintenance Summary Report.** Armando Quintana reviewed the Operations and Maintenance Summary Report for the month of December 2024. During the reporting period, Platte Canyon had no sewer service interruptions. Southwest had one sewer service interruption that occurred at 11142 W. Brittany Dr. due to a contractor over-pushing pipe when he was trying to seat that pipe to the service line to the home. The damage to the District's sewer main was repaired by C&L Water Solutions.

During the month, Platte Canyon experienced one water service interruption, as did Southwest. Armando Quintana presented a PowerPoint presentation depicting the repair activities for each waterline break and the damaged sewer pipe. He summarized the time it took to repair each break and the anticipated costs. No remedial repairs were completed during the month of December for either Platte Canyon or Southwest.

Monthly staff and safety meetings were held on Tuesday, December 10. These meetings are conducted for review of operations, construction, and safety training. During December, Mike Chavez and Avery Worland attended backflow training and testing on December 2 and December 7. Also during December, the new valve operator equipment was delivered to Platte Canyon. This particular piece of equipment has been on order for a number of months.

Finally, Armando Quintana reported the number of locates performed in Platte Canyon/Southwest, and Platte Canyon's contract service districts during the month of December.

3. **Construction Projects Report.** Justin Roquemore reviewed the capital projects report for both Platte Canyon and Southwest. He provided a detailed update on the RiverPark development in Southwest, including each Toll Brothers project and the

Evergreen development projects. In February, he will provide a more detailed review of the other capital projects in progress within both Platte Canyon and Southwest.

NEW BUSINESS

There was no new business to come before the joint participation portion of the meeting.

SOUTHWEST PORTION OF THE JOINT MEETING

CALL TO ORDER

Southwest's president, Chuck Hause, called the Southwest portion of the joint meeting to order and acted as Chair.

APPROVAL OF SOUTHWEST AGENDA

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Rivas 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
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST CONSENT AGENDA ITEMS

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Rivas to approve Southwest Consent Agenda Items No. 1 and No. 2, as set forth below:

1. **Ratification of Interim Disbursements and Approval of Current Payables.** Southwest payables and supplemental disbursements for the months of December 2024 and January 2025, in the aggregate amount of \$295,221.47 represented by Southwest check nos. 21439 thru 21471 inclusive, including any checks for less than \$5,000 written by the manager pursuant to prior Board authorization, together with various electronic fund payments for utility and other authorized electronic fund payment vendors.

2. **Southwest Investment/Deposit Transaction Report.** During the month, Southwest: (i) purchased a \$1 million par value Treasury Note that matures on December 15, 2025, and a \$2 million Treasury Note that matures on December 15, 2027. Each Note earns interest at a coupon rate of 4% per annum. The \$1,500,000 par value Treasury Note was purchased for a discounted price of \$1,496,835 and the \$2 million par value note was purchased for a discounted price of \$1,980,824; and (ii) during the month, a Treasury Note matured, generating \$3.5 million in principal proceeds plus accrued interest to Southwest.

With respect to Consent Agenda Items No. 1 and No. 2, the Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST ACTION ITEMS

1. Approval of Schilling & Company's 2024 Audit Engagement Letter.

Vanessa Shipley reviewed with the Board the proposed audit engagement letter for the Southwest 2024 audit for a fee not to exceed \$6,400. This represents a minor increase over Schilling & Co.'s charge for the 2023 audit.

Following a brief discussion, a motion to accept Schilling & Company's audit engagement letter and authorize it to be signed by the District's president was made by Southwest Director Sebastian and seconded by Southwest Director Rivas. The chair called for a vote, and the vote was as follows:

Anthony M. Dursey	Aye
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST INFORMATION/ DISCUSSION ITEMS

There were no information or discussion items to come before the Southwest Board at this meeting.

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 Southwest and Platte Canyon Boards, a motion to adjourn was made by Southwest Director Sebastian and seconded by Southwest Director Rivas. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	Aye
Ismael Gomez	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	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 D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn (by Teams)	Aye
Damien Mulvany	Aye
Mark Swatek	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, February 28, 2025, at 8:30 a.m. in the Platte Canyon and Southwest 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 SPECIAL MEETING OF THE DISTRICTS' BOARDS 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

Ismael Gomez.

Anthony M. Dursey

Chuck Hause

Louis J. Fohn

Bernard J. Sebastian, Jr.

Damian. Mulvany

Samuel Rivas, Jr.

Mark Swatek