MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

PLATTE CANYON WATER AND SANITATION DISTRICT

AND

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

Friday
April 26, 2019
Jefferson County, Colorado

The joint 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, April 26, 2019, 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:

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

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

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

The following Platte Canyon staff members were in attendance: Patrick J. Fitzgerald, manager; Cynthia Lane, assistant manager; Vanessa Shipley, financial

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

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administrator; Scott Hand, operations supervisor; Tony Cocozzella, construction, plan review and special projects coordinator; Alyssa Quinn, administrative assistant; Bridget Butterfield, communication and administrative services coordinator; and Cory Taylor and Justin Roquemore, from Platte Canyon’s field maintenance staff. ²

Also, in attendance were Brad Simmons, a resident of Southwest, 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 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 Dursey and seconded by Platte Canyon Director Buckner 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:

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

PLATTE CANYON CONSENT AGENDA ITEMS

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to approve Platte Canyon Consent Agenda Items 1 and 2, as set forth below. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

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.
1. **Ratification of Interim Disbursements and Current Payables.** Platte Canyon interim disbursements and current payables for the month of April, 2019, in the aggregate amount of $249,433.58, represented by Platte Canyon check nos. 32423 through 32466, inclusive, together with various electronic fund payments for employee salaries, utility payments and other authorized electric fund payment vendors.

2. **Platte Canyon Investment/Deposit Transaction Report.** During the month of March, Platte Canyon did not purchase any new treasury securities or agency securities or have any treasury notes, agencies, securities, or other investments redeem or mature. No securities were redeemed and there were no certificates of deposit that were renewed or rolled over.

**PLATTE CANYON ACTION ITEMS**

There were no action items to come before the Platte Canyon Board.

**PLATTE CANYON INFORMATION/DISCUSSION ITEMS**

1. **Platte Canyon Financial Plan and Cash Reserve Policy.** The manager presented information regarding Platte Canyon’s future Capital Improvement Funding Requirements. He outlined various service fee and mill levy increase alternatives for generating sufficient future revenues to fund anticipated Capital Improvements. He also discussed the desirability of amending Platte Canyon’s Cash Reserve Policy, which is a key component of Platte Canyon’s cash reserve requirements. Currently, Platte Canyon’s cash reserves include sufficient funds to meet projected capital expenditures over a 10-year period. Because of the revisions to the water and sewer line replacement policy, the manager believes that it would be more prudent for Platte Canyon to establish a Cash Reserve based upon Platte Canyon’s 5-year projected capital improvement expenditures. During the discussion, he explained the various reasons for wanting to adjust the cash reserve policy.

   The manager explained that Platte Canyon staff is looking for direction from the Board at this time on how the Board might want to increase revenues and/or adjust Platte Canyon’s cash reserve policy. Based upon the direction received by staff, staff will prepare appropriate resolutions and additional financial information to present to the Platte Canyon Board before the Platte Canyon Board is asked to make a final decision.

   At the conclusion of the discussion, a motion was made by Director Dursey and seconded by Director Fohn directing staff to prepare additional information with respect to a possible mill levy increase that could go into effect in 2020 for the purpose of providing additional revenues to meet Platte Canyon’s anticipated Capital Improvement
requirements. The motion also directed staff to assume that the Platte Canyon Board would approve the staff’s requested amendment to Platte Canyon’s Cash Reserve Policy. The Chair called for a vote, and the vote was as follows:

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

PLATTE CANYON NEW BUSINESS

There was no new business presented to the Platte Canyon Board.

JOINT PARTICIPATION PORTION OF THE MEETING

Platte Canyon’s President, Richard Rock continued to act as Chair for the joint participation portion of the meeting.

APPROVAL OF JOINT MEETING AGENDA

Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Sebastian to approve the joint meeting agenda, as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

JOINT MEETING CONSENT AGENDA ITEM

1. Approval of the Minutes of the Boards’ March 22, 2019 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’ March 22, 2019 Joint Regular Meeting. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

Anthony M. Dursey  Aye
Louis J. Fohn  Aye
George E. Hamblin, Jr.  Aye
Richard Rock  Aye
William D. Buckner  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’ March 22, 2019 joint regular meeting were then presented to the members of each Board for signature as further evidence of ratification, confirmation, and approval.

JOINT MEETING ACTION ITEMS

There were no action items to come before this joint regular meeting of the Boards.
1. **Financial Matters.**

   (a) **Platte Canyon Financial Statements.** The following Platte Canyon financial statements, prepared by Vanessa Shipley, for the three-month period ending March 31, 2019, were presented to the Boards:

   (i) Statement of Net Assets, dated March 31, 2019, showing Platte Canyon’s Assets, Liabilities, and Net Assets;

   (ii) Statement of Revenue, Expenses and Changes in Net Assets for the three-month period ending March 31, 2019;

   (iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the three-month period ending March 31, 2019; and

   (iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the three-month period ending March 31, 2019.

   Vanessa Shipley noted that there was nothing unusual about the financial statements, and that there were no significant variances to discuss. At the conclusion of her review of the Platte Canyon financial statements, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Hamblin to accept the Platte Canyon financial statements, as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

   (b) **Southwest Financial Statements.** The following unaudited Southwest financial statements, prepared by Vanessa Shipley for the three-month period ending March 32, 2019, were presented to the Boards:
(i) Statement of Net Assets, dated March 31, 2019, showing Southwest’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the three-month period ending March 31, 2019;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the three-month period ending March 31, 2019; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the three-month period ending March 31, 2019.

A motion was then made by Southwest Director Sebastian and seconded by Southwest Director Hamblin 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 local government investment pools. As of March 31, 2019, Platte Canyon’s investments and deposits totaled $10,220,929.47, itemized as follows:
RECORD OF PROCEEDINGS

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<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Checking</td>
<td>$275,135.24</td>
<td>2.69%</td>
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<tr>
<td>Certificates of Deposit</td>
<td>$744,000.00</td>
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<tr>
<td>ColoTrust-Prime</td>
<td>$0.00</td>
<td>0.00%</td>
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<tr>
<td>ColoTrust-Plus</td>
<td>$3,102,028.62</td>
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<tr>
<td>ColoTrust-Trust Account</td>
<td>$1,108,710.79</td>
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<tr>
<td>Treasury Bills</td>
<td>$0.00</td>
<td>0.00%</td>
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<tr>
<td>Treasury Notes</td>
<td>$992,407.92</td>
<td>9.71%</td>
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<tr>
<td>U.S. Government Agencies and Instrumentalities</td>
<td>$3,998,646.90</td>
<td>39.12%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$10,220,929.47</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The average yield on Platte Canyon’s investments for the month of March 2019, as calculated by staff, was 2.1982% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Hamblin 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:

- Anthony M. Dursey Aye
- Louis J. Fohn Aye
- George E. Hamblin, Jr. Aye
- Richard Rock Aye
- William D. Buckner 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 March 31, 2019, Southwest’s investments and deposits totaled $24,774,045.07, itemized as follows:
RECORD OF PROCEEDINGS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Checking</td>
<td>$212,148.85</td>
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<tr>
<td>Certificates of Deposit</td>
<td>$1,621,543.08</td>
<td>6.55%</td>
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<tr>
<td>ColoTrust-Prime</td>
<td>$0.00</td>
<td>0.00%</td>
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<tr>
<td>ColoTrust-Plus</td>
<td>$5,731,819.10</td>
<td>23.14%</td>
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<tr>
<td>ColoTrust-Trust Account</td>
<td>$191,264.48</td>
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<tr>
<td>Treasury Bills</td>
<td>$0.00</td>
<td>0.00%</td>
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<tr>
<td>Treasury Notes</td>
<td>$7,004,437.49</td>
<td>28.27%</td>
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<tr>
<td>U.S. Government Agencies and Instrumentalities</td>
<td>$10,012,832.07</td>
<td>40.42%</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$24,774,045.07</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The average yield on Southwest’s investments for the month of March 2019, as calculated by staff, was 2.3757% per annum.

Following a brief discussion, a motion was made by Southwest Director Dursey and seconded by Southwest Director Sebastian 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. **Management Report.** The manager and assistant manager reviewed the written Management Report dated April 2019 with respect to the portion of that report prepared by each:

(a) **Introduction of New Employee.** Cynthia Lane introduced to both Boards, Bridget Butterfield, the new communication and administrative services coordinator. Bridget fills the position vacated by Tayler Newkirk. Everyone welcomed Bridget who expressed her appreciation for having the opportunity to work with both the Platte Canyon and Southwest’s Boards.

(b) **Valley Sanitation District.** Cynthia Lane explained to the Board that the Bid’s for the Valley Interceptor Sewer Project were opened on April 3, 2019. Four contractors submitted Bids and one of those Bids came in just under $2,000,000. Valley has sufficient funds, once it closes on its approved loan with the Colorado Water Resources
and Power Development Authority to fund the contract at that price. The responsive low bidder was Iron Woman Construction. The Valley Board has authorized Platte Canyon to issue a notice of award to the low responsive bidder.

(c) **Denver Water Department Manager’s Breakfast.** Pat Fitzgerald advised both Boards that Denver Water’s CEO, Jim Lochhead, scheduled a breakfast with his staff and all distributors that will be held on May 21, 2019. Elected Board Members are invited to attend. Mr. Fitzgerald stated that if any of the Platte Canyon or Southwest Board Members would like to attend, they need to let him know as soon as possible so he can reserve space on their behalf.

(d) **Damage Prevention Commission.** In response to a question from Director Dursey, the manager explained the role and function of the recently created Damage Prevention Commission under Colorado’s Excavation Requirements Statute. The Commission is designed to develop best practices for utility locates, review violations, and has the authority to impose penalties in appropriate circumstances.

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the operations and maintenance summary report dated April 2019. During the reporting period, neither Platte Canyon nor Southwest had any sewer service interruptions. Platte Canyon had no water service interruptions. However, Southwest had one water service interruption that occurred on March 6th and 7th at 6054 S Parfet Street in the Powderhorn Subdivision. Mr. Hand presented a PowerPoint presentation and discussed the maintenance activities that were involved in restoring service.

4. **Cost Comparisons with Private Industry.** Scott Hand reviewed the annual comparison of in house and private contractor, operation maintenance and customer service costs, which is performed by Platte Canyon staff. The purpose of the report is to document the costs that are saved by Platte Canyon and Southwest by performing infrastructure operation and maintenance costs using in house labor as opposed to contracting with 3rd parties. The results of the report prepared by Scott Hand and other Platte Canyon staff members shows that in 2018, Platte Canyon saved approximately $324, 741.00 by using its own employees to perform operation and maintenance. Southwest saved approximately $127,092.00. It was noted that in addition to the financial benefits resulting from performing maintenance services with Platte Canyon employees, both District’s customers benefit greatly by having knowledgeable consistent employees readily available to respond to customer service requests. Using employees versus contracting with third parties, allows for the employees to develop a thorough knowledge of both District’s water and wastewater systems and to develop
expertise in diagnosing and solving problems in a manner that is consistent with a high level of customer service.

5. **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 ongoing Platte Canyon and Southwest projects, including developer and district specific projects. As part of his review, Mr. Cocozzella also addressed those projects that are in the design phase at the present time.

**SOUTHWEST ACTION ITEMS**

**NEW BUSINESS**

There was no new business to come before the joint participation portion of the meeting. The next regular joint meeting of the Boards is scheduled for Friday, April 26, 2019, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123

**CALL TO ORDER**

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

**APPROVAL OF SOUTHWEST AGENDA**

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

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

**SOUTHWEST CONSENT AGENDA ITEMS**

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Hause to approve Southwest Consent Agenda Items
RECORD OF PROCEEDINGS

1 and 2, as set forth below. 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. **Ratification of Interim Disbursements and Current Payables.** The Southwest interim disbursements paid and current payables for the month of April 2019, in the aggregate amount of $160,488.07 represented by Southwest check numbers 19463 through 19494, inclusive, together with various electronic fund payments for employee salaries, utility payments and other authorized electronic fund payment vendors, including any checks written by the manager pursuant to prior Board authorization for less than $2,500.

2. **Southwest Investment/Deposit Transaction Report.** During the month of March, Southwest did not purchase any new treasury securities or agency securities or have any treasury notes, agencies, securities, or other investments redeem or mature. No securities were redeemed and there were no certificates of deposit that were renewed or rolled over.

**SOUTHWEST ACTION ITEMS**

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

**SOUTHWEST INFORMATION/DISCUSSION ITEMS**

There was no new 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 Southwest and Platte Canyon Boards, a motion to adjourn was made by Platte Canyon
Director Hamblin and seconded by Southwest Director Sebastian. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

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

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

Whereupon, this joint regular meeting of the Platte Canyon and Southwest Boards of Directors adjourned at approximately 10:05 a.m. The next joint regular meeting of the Boards will be held on Friday, May 24, 2019, 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

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

Anthony M. Dursey

Kenton C. Ensor, Jr.

George E. Hamblin, Jr.

Chuck Hause

Bernard J. Sebastian, Jr.

PLATTE CANYON WATER AND SANITATION DISTRICT

William D. Buckner

Anthony M. Dursey

Louis J. Fohn

George E. Hamblin, Jr.

Richard Rock