

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
July 26, 2019
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, July 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 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: Cynthia Lane, assistant manager; Scott Hand, operations supervisor; Tony Cocozzella, construction

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

RECORD OF PROCEEDINGS

programs manager; Alyssa Quinn, business programs specialist ; and Bridget Butterfield, communication and administrative services coordinator.²

Also, in attendance were Greg Zentner, 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 Southwest President, Anthony M. Dursey, who presided as Chair.

APPROVAL OF SOUTHWEST AGENDA

A motion was made by Southwest Director Hause 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 Hause and seconded by Southwest Director Sebastian to approve Southwest Consent Agenda Items 1 and 2, as set forth below, by a single motion:

1. **Ratification of Interim Disbursements and Current Payables.** The Southwest interim disbursements paid and current payables for the month of July 2019 in the aggregate amount of \$128,446.55, represented by Platte Canyon check numbers 19584 through 19610, inclusive, together with various electronic fund payments for employee salaries, utility payments and other authorized electronic fund payment vendors.

2. **Ratification of Southwest Investment Transactions.** During the month of June 2019, Southwest renewed a \$150,000 certificate of deposit at Fowler State Bank for a period of one year maturing June 11, 2020 and earning interest at the rate of 2.5% per

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.

RECORD OF PROCEEDINGS

annum. No investment securities were redeemed and there were no new investment security purchases during the month.

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

PUBLIC COMMENT

Greg Zentner, a resident of Southwest, appeared before both Boards. He advised the Southwest Board that he believed he had sustained damages as a result of having to hire a plumber to excavate a portion of the water service line for his residence. Allegedly, he hired the plumber because he had been advised by a Southwest representative that there was a leak in his service line between his curb stop valve and his home.

After hiring the plumber, Mr. Zentner [you said “he”] discovered that there was in fact a leak in the service line between the curb stop valve and the corporation stop valve. Once that leak was discovered, it was repaired by Southwest at Southwest’s cost.

Mr. Zentner, however, felt that he incurred damages in that he had to hire a contractor to excavate when in fact there was no leak or problem with that portion of the service line for which he has maintenance responsibility. Cynthia Lane advised the Board that this claim has been submitted to the Special District and Property Liability Pool, which will adjust the claim on behalf of Southwest. At this conclusion of his presentation, the Board thanked Mr. Zentner for the information he provided and indicated that because the matter has been turned over to the Special District and Property Liability Pool, there is nothing the Board can do until the Pool makes a determination as to the District’s responsibility in this matter. As part of his presentation, Mr. Zentner advised the Board that the leak was determined to be on the downstream side of the corporation stop on or about June 17, 2019. At the conclusion of his presentation, Mr. Zentner left the meeting.

SOUTHWEST ACTION ITEMS

There were no action items to come before the Southwest Board.

RECORD OF PROCEEDINGS

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.

JOINT PARTICIPATION PORTION OF THE MEETING

Southwest President Anthony M. Dursey 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 Platte Canyon Director Hamblin 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
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Bernard J. Sebastian, Jr.	Aye

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

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

JOINT MEETING CONSENT AGENDA

1. Approval of the Minutes of the Boards' June 28, 2019 Joint Regular Meeting. Following a brief discussion, a motion was made by Southwest Director Hause

RECORD OF PROCEEDINGS

and seconded by Southwest Director Sebastian to approve, as written, the minutes of the Boards' June 28, 2019 Joint Regular Meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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

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

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

The approved minutes of the Boards' June 28, 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.

JOINT MEETING INFORMATION/DISCUSSION ITEMS

1. **Financial Matters.**

(a) **Platte Canyon Financial Statements.** The following Platte Canyon financial statements, prepared by Vanessa Shipley, for the six-month period ending June 30, 2019, were reviewed by the Boards:

(i) Statement of Net Assets, dated June 30, 2019, showing Platte Canyon's Assets, Liabilities, and Net Assets; and

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the six-month period ending June 30, 2019; and

RECORD OF PROCEEDINGS

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the six-month period ending June 30, 2019; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the six-month period ending June 30, 2019.

Vanessa Shipley reviewed the various items of the budget where there were variances noting that they were normal variances and over time she expected the numbers to become more in line with the actual adopted budget. At the conclusion of her review, a motion was made by Platte Canyon Director Fohn and seconded by Platte Canyon Director Buckner 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 six-month period ending June 30, 2019, were presented to the Boards:

(i) Statement of Net Assets, dated June 30, 2019, showing Southwest's Assets, Liabilities, and Net Assets; and

(ii) Statement of Revenue, Expenses, and Changes in Net Assets for the six-month period ending June 30, 2019; and

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the six-month period ending June 30, 2019; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the six-month period ending June 30, 2019.

As part of her review, Vanessa Shipley noted various line items where there were variances with the adopted budget. In particular she noted that the utilities and telephone

RECORD OF PROCEEDINGS

category was greater than anticipated because of the installation of a new security system resulting from a change in security contractors. None of the variance was due in large part because of the installation of a new security system resulting from a change in security contractors. None of the variances she reviewed were in her opinion significant.

At the conclusion of Vanessa Shipley’s review of the financial statements, a motion was 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 June 30, 2019, Platte Canyon’s investments and deposits totaled \$10,450,776.05, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$269,818.15	2.58%
Certificates of Deposit	\$744,000.00	7.12%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$3,314,970.85	31.72%
ColoTrust-Trust Account	\$2,627,057.68	25.14%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$994,929.38	9.52%
U.S. Government Agencies and Instrumentalities	\$2,499,999.99	23.92%
TOTAL	\$10,450,776.05	100.00%

The average yield on Platte Canyon’s investments for the month of June 2019, as calculated by staff, was 2.3102% per annum. During her discussion of the investment deposit report, Vanessa Shipley noted that due to the proceeds received from a maturing agency security, Platte Canyon’s ColoTrust account temporarily exceeds the maximum amount allowed under Platte Canyon’s investment policy.

RECORD OF PROCEEDINGS

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to approve the exceedance of the investment policy limitation for ColoTrust funds temporarily, and to accept Platte Canyon's 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 June 30, 2019, Southwest's investments and deposits totaled \$24,709,808.56, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$104,005.73	0.42%
Certificates of Deposit	\$1,624,543.08	6.56%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$5,743,437.68	23.24%
ColoTrust-Trust Account	\$225,846.61	0.91%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$7,005,587.86	28.35%
U.S. Government Agencies and Instrumentalities	\$10,009,387.63	40.51%
TOTAL	\$24,709,808.56	100.00%

The average yield on Southwest's investments for the month of June 2019, as calculated by staff, was 2.3652% 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:

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. **Management Report.** The assistant manager reviewed the written Management Report dated July 2019. As part of her review she discussed the following matters:

(a) **Southwest and Platte Canyon Communication Plans.** During the month, the first pop-up event associated with the Platte Canyon water main project in Leawood Drive was held. The event was very successful. People were interested in the impacts that the project will have on their water service. The pop-up event was held at the elementary school across the street from where the project will be constructed. Other pop-up events are scheduled in August as the construction schedule for Platte Canyon's 2019 Capital Improvement Projects are finalized. Staff continues to reach out to local HOAs with the offer of presenting on Platte Canyon and Southwest Operations.

Bridget Butterfield updated the Board on both District's websites. She presented a matrix which showed the activity that is occurring at each website and also showed the various pages on each website that are being visited by internet users. The Board was appreciative of the report.

Director Dursey raised the issue of a security breach and asked if there was a possibility that an internet hacker could get access into either Platte Canyon's or Southwest's financial records or funds. Cynthia Lane explained that both Platte Canyon and Southwest are fully protected, that they have adequate safeguards, and staff is constantly reviewing each website to determine if there is any hacking activity going on.

(b) **Update on Denver Water Optimum Corrosion Control Treatment Compliance Matter.** Cynthia Lane discussed in detail a letter that Platte Canyon and Southwest will be sending to Denver Water commenting on its proposed lead reduction program, a key component of the variance from the lead and copper rule, that Denver Water will be submitting to the U.S. Environmental Protection Agency and the Colorado Department of Public Health and Environment on or about August 20, 2019. She noted that the distributors, and in particular Platte Canyon and Southwest, have suggested that they be more heavily involved in the implementation of the lead reduction program because of the need *****read and bill and master meter districts have to***** communicate with their customers. It was noted that a significant portion of the lead services lines in

RECORD OF PROCEEDINGS

Denver's service area are located inside the City and County of Denver. Accordingly, concern has been expressed to Denver about who will pay for replacing these lead service lines on an accelerated basis. It was noted that the Distributors and in particular, Platte Canyon and Southwest, do not want to pay any portion of that cost because they have no lead service lines within their respective service areas.

(c) **Valley Sanitation Interceptor Relocation Project.** The Board was updated as to the status of this project. A change order was approved for a limited ground water investigation to help the Valley Sanitation District assess the construction risk associated with the ground water and to allocate an appropriate contingency for that risk. Work continues to locate a consultant that can provide soils observation, and testing in accordance with procedures mandated by Colorado Department of Public Health and Environment. Valley is obtaining several proposals and will make a decision on who to select at their August meeting. Construction of this project is still scheduled to begin this fall with substantial completion contemplated in March of 2020.

(d) **Special District Association Annual Conference.** It was noted that the Special District Association Annual Conference will be held in Keystone, Colorado on September 18th, 19th, and 20th. The luncheon where the District's Manager, Patrick Fitzgerald, will receive a lifetime service award will be held on Friday, September 20th between 11:00 and 12:00 p.m. The Assistant Manager inquired as to which Platte Canyon and Southwest Board Members planned to attend the meeting, so she could make appropriate reservations both for the luncheon and for lodging.

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operations and Maintenance Summary Report dated June 2019. During the reporting period, neither Southwest nor Platte Canyon had any water or sewer service interruptions. However, it was reported that in early July there was a significant water line break in the Powderhorn Subdivision at 5638 W. Alder Way. Mr. Hand presented a PowerPoint presentation showing the repair activities that had to be undertaken in order to restore water service. It is estimated, due the large amount of asphalt that had to be replaced, that the cost of this break may be as high as \$30,000.

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 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.

RECORD OF PROCEEDINGS

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, August 23, 2019, at 8:30 a.m. in the Districts' office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

PLATTE CANYON ACTION ITEMS

CALL TO ORDER

The Platte Canyon Action Item portion of the joint regular meeting was called to order by Platte Canyon President Richard Rock, who presided as Chair.

APPROVAL OF PLATTE CANYON AGENDA.

Following a brief discussion, 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

PLATTE CANYON CONSENT AGENDA ITEMS

Following a brief discussion, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Buckner to approve Platte Canyon Consent Agenda Items 1 and 2, as set forth below by a single motion:

1. **Ratification of Interim Disbursements and Current Payables.** The Platte Canyon interim disbursements and current payables for the month of July, 2019, in the aggregate amount of \$196,374.95, represented by Platte Canyon check nos. 32560 through 32606, inclusive, together with various electronic fund payments for employee salaries, utility payments and other authorized electric fund payment vendors.

RECORD OF PROCEEDINGS

Platte Canyon Investment/Deposit Transaction Report. During the month two Federal Home Loan Mortgage Corporation bonds matured generating a total of \$1,500,000 in principal proceeds to Platte Canyon. In addition, a \$150,000 certificate of deposit at Fowler State Bank was renewed for one-year term ending June 11, 2020. The CD earns at an interest rate of 2.5% per annum.

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 ACTION ITEMS

1. **Approval of Resolution 2019-7-1 Adopting Revisions to the Platte Canyon Water and Sanitation District Purchase Policy Manual.** Cynthia Lane reviewed with the Board the revisions made to the Platte Canyon Purchasing Policy Manual to include a section that provides a bid protest procedure. The procedure describes how potential or actual bidders can object to the award of a contract by following a procedure specified in the purchasing manual. It was specifically noted that the inclusion of a bid protest procedure does not in any way confer standing on any bidder that is not awarded a contract to sue Platte Canyon.

In addition, previously used standard construction templates were replaced with new forms that Platte Canyon has used on recent capital projects. Southwest Director Hause stated his concern that the template forms do not have standardized insurance provisions. Staff indicated that they will revise those documents to include standard provisions for all forms.

Following a brief discussion, a motion to adopt Resolution 2019-7-1, a copy of which is attached to these minutes, was made by Platte Canyon Director Buckner and Seconded by Platte canyon Director Fohn.

The Resolution formally approves and adopts the revisions made to the Platte Canyon Purchasing Policy Manual.

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

RECORD OF PROCEEDINGS

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

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

There were no information or discussion items to come before the Platte Canyon Board.

PLATTE CANYON NEW BUSINESS

There was no new business presented to 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, Jr.	Aye

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

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

RECORD OF PROCEEDINGS

Whereupon, this joint regular meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 10:45 a.m. The next joint regular meeting of the Boards will be held on Friday, August 23, 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

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

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