

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, 2020
Jefferson County, Colorado

The regular joint 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, 2020, 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 programs manager; Alyssa Quinn, administrative assistant; and Bridget Butterfield, communications and administrative services coordinator.²

Also, in attendance was 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

Following a brief discussion, 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 Sebastian and seconded by Director Hause to approve Southwest Consent Agenda Items 1 and 2, as set forth below, by a single motion:

1. **Ratification of Interim Disbursements and Approval of Current Payables.** Southwest payables and supplemental disbursements for the month of January 2020, in the aggregate amount of \$170,137.99, represented by Southwest check numbers 19755 thru 19785, inclusive, together with various electronic fund payments for employee salaries, utility payments and other authorized electronic fund payment vendors.

2. **Ratification of Southwest Investment Transaction Deposit Report.** On December 23, 2019, Southwest purchased a \$1 million US Treasury Note having a maturity date of December 31, 2021, and a coupon rate of interest of 2% per annum for a price not

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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including accrued interest of \$1,700,470. On December 31, 2019, a US Treasury Note matured generating a total of \$1 million plus accrued interest to Southwest. During the month of December, no certificates of deposit were purchased, renewed or rolled over.

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 ACTION ITEMS

1. **Adoption of Resolution 2020-1-1 Establishing the Dates and Times for Board Meetings and Designating the Location for Posting Meeting Notices.** The manager reviewed with the Board, Resolution 2020-1-1 which reaffirms Southwest regular meeting schedule for 2020 as being on the 4th Friday of each month, except for the months of November and December when the meeting will be held on the third Friday of the month, and designates the Southwest website as the location for posting Open Meeting Law notices which include a meeting agenda at least 24 hours prior to each meeting.

Following a brief discussion, a motion to adopt Resolution 2020-1-1 was made by Southwest Director Sebastian and seconded by Southwest Director Hause. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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

A copy of Resolution 2020-1-1 is attached to the original of these minutes as Exhibit A.

SOUTHWEST INFORMATION/DISCUSSION ITEMS

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

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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 Platte Canyon Director Rock and seconded by Platte Canyon Director Buckner 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 ITEM

1. Approval of the Minutes of the Boards' November and December 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' November 22, 2019 and December 20, 2019 joint regular meetings. The Chair 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

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' November 22, 2019 and December 20, 2019 joint regular meeting minutes 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 special meeting of the Boards.

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 twelve-month period ending December 31, 2019, were presented to the Boards:

(i) Statement of Net Assets, dated December 31, 2019, 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, 2019;

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

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

Vanessa Shipley reviewed the year-to-date financial statements, noting important variances and adjustments, and in particular the fair market value adjustment to the Platte Canyon’s investments, which showed a slight decrease in value of \$6,162.18. This adjustment is required by governmental accounting practices.

At the conclusion of Vanessa Shipley’s review of the Platte Canyon financial statements, a motion was made by Platte Canyon Director Rock 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 twelve-month period ending December 31, 2019, were presented to the Boards:

(i) Statement of Net Assets, dated December 31, 2019, 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, 2019;

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

Vanessa Shipley again reviewed the significant variances in the financial statements as compared to the adopted budget, noting the fair market value adjustment to the

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Southwest investments. This adjustment showed an increase in fair market value in Southwest investments for the year of \$75,203.54.

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 Platte Canyon 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 December 31, 2019, Platte Canyon's investments and deposits totaled \$9,242,468.75, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$172,313.65	1.86%
Certificates of Deposit	\$744,000.00	8.05%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$2,144,431.38	23.20%
ColoTrust-Trust Account	\$1,427,326.54	15.44%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$2,254,397.18	24.39%
U.S. Government Agencies and Instrumentalities	\$2,500,000.00	27.05%
TOTAL	\$9,242,468.75	100.00%

The average yield on Platte Canyon's investments for the month of December 2019, as calculated by staff, was 1.8259% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Rock 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:

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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 December 31, 2019, Southwest’s investments and deposits totaled \$24,591,219.63, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$24,726.32	0.10%
Certificates of Deposit	\$494,000.00	2.01%
ColoTrust-Prime	\$0.00	0.00%
ColoTrust-Plus	\$6,711,232.64	27.29%
ColoTrust-Trust Account	\$1,343,792.21	5.46%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$6,015,043.50	24.46%
U.S. Government Agencies and Instrumentalities	\$10,002,422.96	40.67%
TOTAL	\$24,591,219.63	100.00%

The average yield on Southwest’s investments for the month of December 2019, as calculated by staff, was 2.1541% per annum.

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

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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

2. **Management Report.** The manager and assistant manager reviewed, as more particularly set forth below the written Management Report dated January 2020. A copy of the Management Report was previously provided to the members of both Boards. The manager provided an update with respect to the following matters:

(a) **Denver Water's Lead Service Line Replacement Program Cost Allocation.** The manager reviewed with the Board a letter recently sent to Jim Lochhead at Denver Water by the Denver Water Rates and Fees Technical Advisory Committee (TAC). In that letter, the TAC identified five costs associated with Denver Water's accelerated Lead Service Line Replacement Program. Three of these costs were identified by the TAC as being system-wide costs which the TAC proposed be allocated based upon water usage. If Denver Water were to do this, these costs would be allocated approximately 52% to outside city users and 48% to inside city users.

Two of the program costs (i.e.: the construction costs for replacing lead service lines and the cost related to the procurement, distribution, and education regarding the use of the lead filter kits) were identified as being Distribution Costs. Distribution costs are normally paid 77% by inside city customers and 23% by total service distributor customers. Because of the public policy issues associated with orthophosphate, and Denver's efforts to avoid using that chemical, the TAC is proposing that these two distribution costs be paid by all suburban distributors. This means that the 23% share normally paid by total service customers would be paid by master meter distributors, read and bill distributors, and total service distributors.

Denver Water's response letter from Jim Lochhead was polite and suggested that TAC representatives and Denver Water representatives meet to discuss in greater detail how Denver Water's Lead Service Line Replacement Program Costs would be allocated. A meeting has been scheduled for Friday, February 7, 2020. The manager will attend the meeting and will update the Board during its February meeting.

(b) **Valley Sanitation District Interceptor Replacement Project.** Cynthia Lane, assistant manager, updated the Board on the status of the Valley Sanitation District Interceptor Project. She reported that Valley has a meeting scheduled next week

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with the contractor in the field to review final plans before construction begins. It is anticipated that construction will start sometime around February 3, 2020.

(c) **Personnel Matters.** It was reported that Platte Canyon's long-time field staff employee, Cory Taylor, has decided to leave his position at Platte Canyon and has accepted a position with the South Gate Sanitation District. Cynthia Lane is working with Pat Fitzgerald and Tony Cocozzella to hire two certified operators to work as a team to replace both Cory and to assist Tony Cocozzella in his day-to-day activities.

3. **Operations and Maintenance Summary Report.** Scott Hand reviewed the Operations and Maintenance Summary Report dated December 2019. During the reporting period, neither Platte Canyon or Southwest experienced any sanitary sewer service interruptions. Platte Canyon experienced one water service interruption at 5494 West Ottawa Avenue where a wet tapping saddle failed. The line was repaired by Platte Canyon using C&L Water Solutions at an estimated cost of approximately \$20,233.18. During the same period, Southwest experienced four water service interruptions at 11161 West Brittany Drive, 8090 South Upham Street, 6060 South Quail Way, and 7448 South Quail Circle. Mr. Hand briefly reviewed all of these water service interruptions and provided the Board with a PowerPoint presentation demonstrating the repair activities that were undertaken in order to restore water service.

It was also noted that during the reporting period it was discovered that Century Link had bored through a Platte Canyon sewer line. Platte Canyon is in the process of seeking reimbursement for the costs that were incurred in repairing the sewer damage.

4. **Construction Projects Report.** Tony Cocozzella reviewed with both Boards the Capital Projects Information Report for Platte Canyon and Southwest. As part of this report, Mr. Cocozzella updated the Board as to the status of all ongoing Platte Canyon and Southwest projects, including developer and District-specific projects. Those projects that are in design phase were also included in Mr. Cocozzella's report.

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, February 28, 2020, at 8:30 a.m. in the Districts' office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

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PLATTE CANYON ACTION ITEMS

CALL TO ORDER

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

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 Hamblin to approve Platte Canyon consent agenda items 1 and 2, as set forth below, by a single motion:

1. **Approval of Accounts Payables and Ratification of Interim Disbursements for January 2020.** The Platte Canyon payables and supplemental payables for the month of January 2020, in the aggregate amount of \$269,835.35, represented by Platte Canyon check nos. 32861 through 32911, inclusive, including those checks written by the manager pursuant to prior Board authorization for less than \$2,500 as well as various electronic payments for utilities and other authorized electronic payment vendors.

2. **Platte Canyon Investment/Deposit Report.** On December 23, 2019, Platte Canyon purchased a \$1 million par value treasury note that matures on December 31, 2021, and having a rate of interest at 2% per annum for a premium price of \$1,700,474. On December 31, 2019, a \$1 million par value treasury note matured generating \$1 million in principle proceeds to Platte Canyon plus accrued interest. No certificates of deposit were renewed, rolled over, or opened during the month.

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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

PLATTE CANYON ACTION ITEMS

1. **Approval of Resolution 2020-1-1 Reaffirming the Dates and Times for Regular Platte Canyon Board Meetings and Designating the Location for Posting Open Meeting Law Notices.** The manager reviewed with the Board Resolution 2020-1-1 which reaffirms the regular meeting dates for Platte Canyon for 2020, as being on the fourth Friday of each month except for the months of November and December when the Board will meet on the third Friday. The Resolution also designates the location for posting 24-hour notice of each Board meeting together with an agenda. The location will be the Platte Canyon website as authorized by recent changes in State law.

Following a brief discussion, a motion to adopt Resolution 2020-1-1 was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Dursey. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

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

A copy of Resolution 2020-1-1 is attached to the original of these minutes as Exhibit B.

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

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

PLATTE CANYON NEW BUSINESS

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

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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 Fohn 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, 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

Whereupon, this joint regular meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 9:40 a.m. The next joint regular meeting of the Boards will be held on Friday, February 28, 2020, 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 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