MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

AND

PLATTE CANYON WATER AND SANITATION DISTRICT

Friday
July 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, July 24, 2020, at 8:30 a.m. in the District’s office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. Due to the COVID-19 pandemic, the meeting was also conducted virtually using Microsoft Teams Meeting. Accordingly, those Board members who could not or were not comfortable physically attending, could attend by telephone or by on-line virtual meeting. The web address 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:

Kenton C. Ensor, Jr.
George E. Hamblin, Jr.
Chuck Hause

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

William Buckner
Louis J. Fohn
George E. Hamblin, Jr.
Richard Rock

The following Platte Canyon staff members were physically in attendance in the boardroom: Patrick J. Fitzgerald, manager. The following Platte Canyon staff members

1 and each District’s Water and Sanitary Sewer Activity Enterprise.
attended virtually, although they were physically present in their office: Cynthia Lane, assistant manager; Alyssa Quinn, business program specialist coordinator; Vanessa Shipley, financial administrator; Scott Hand, operations supervisor; Tony Cocozzella, construction program manager; and Bridgett Butterfield, communications and administrative services coordinator.²

Also, in attendance by telephone 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 Secretary/Treasurer, George E. Hamblin, Jr., 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 Ensor to approve, as presented, the Southwest agenda. The Chair called for a vote of the Southwest Board, and the vote was as follows:

- Kenton C. Ensor, Jr.  Aye
- George E. Hamblin, Jr.  Aye
- Chuck Hause  Aye

**DIRECTORS ABSENCE EXCUSED**

A motion was made by Southwest Director Ensor and seconded by Southwest Director Hause to excuse the absence of Southwest Directors Anthony M. Dursey and Bernard J. Sebastian, Jr. The Chair called for a vote of the Southwest Board, and the vote was as follows:

- Kenton C. Ensor, Jr.  Aye
- George E. Hamblin, Jr.  Aye
- Chuck Hause  Aye

**SOUTHWEST CONSENT AGENDA ITEMS**

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

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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 Approval of Current Payables.** Southwest payables and supplemental disbursements for the month of July 2020, in the aggregate amount of $244,661.84, represented by Southwest check nos. 19941 thru 19968, inclusive, including any checks written by the manager pursuant to prior Board authorization for less than $2,500, as well as various electronic payments for utility and other authorized electronic payment vendors.

2. **Southwest Investment/Deposit Transaction Report.** On June 11, 2020, a Southwest Certificate of Deposit at Fowler State Bank in the amount of $150,000 was renewed for one year with a maturity date of June 11, 2021, and an interest rate of .7500% per annum. This was the only investment transaction for the month as Southwest did not purchase any treasury notes or agency securities, nor did Southwest have any treasury notes or agency securities called or mature during the month.

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

- Kenton C. Ensor, Jr. **Aye**
- George E. Hamblin, Jr. **Aye**
- Chuck Hause **Aye**

**SOUTHWEST ACTION ITEMS**

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

**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 Secretary/Treasurer, George E. Hamblin 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 Buckner and seconded by Southwest Director Hause to approve the joint meeting agenda, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:
The Chair then called for a vote of the Platte Canyon Board, and the vote was as follows:

- Kenton C. Ensor, Jr.   Aye
- George E. Hamblin, Jr. Aye
- Chuck Hause           Aye

JOINT MEETING CONSENT AGENDA ITEM

1. Approval of the Minutes of the Board’s June 26, 2020 Joint Regular Meeting. Southwest Director Ensor noted that the draft minutes incorrectly reflected his attendance at the meeting. A motion was then made by Platte Canyon Director Rock and seconded by Platte Canyon Director Buckner to approve as corrected, the minutes of the Board’s June 26, 2020 joint regular meeting to show that Southwest Director Ensor was not in attendance. The Chair called for a vote of the Southwest Board, and the vote was as follows:

- Kenton C. Ensor, Jr.   Aye
- George E. Hamblin, Jr. Aye
- Chuck Hause           Aye

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

- William Buckner       Aye
- Louis J. Fohn         Aye
- George E. Hamblin, Jr. Aye
- Richard Rock          Aye

The approved minutes, as corrected, 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

There were no action items to come before this joint regular meeting.
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 six-month period ending June 30, 2020, were presented to the Boards:

   (i) Statement of Net Assets, dated June 30, 2020, showing Platte Canyon’s Assets, Liabilities, and Net Assets;

   (ii) Statement of Revenue, Expenses and Changes in Net Assets for the six-month period ending June 30, 2020;

   (iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the six-month period ending June 30, 2020; and


   Vanessa Shipley noted those areas of the financial statements where there was variance in the year-to-date line items, such as software management and water contract remedial expenditures. She explained the reason for the variances noting that over time these variances should disappear and the budgeted numbers and the actual numbers should be more in line.

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Vote</th>
</tr>
</thead>
<tbody>
<tr>
<td>William Buckner</td>
<td>Aye</td>
</tr>
<tr>
<td>Louis J. Fohn</td>
<td>Aye</td>
</tr>
<tr>
<td>George E. Hamblin, Jr.</td>
<td>Aye</td>
</tr>
<tr>
<td>Richard Rock</td>
<td>Aye</td>
</tr>
</tbody>
</table>

   (b) **Southwest Financial Statements.** The following unaudited Southwest financial statements, prepared by Vanessa Shipley for the six-month period ending June 30, 2020, were presented to the Boards:

   (i) Statement of Net Assets, dated June 30, 2020, showing Southwest’s Assets, Liabilities, and Net Assets;
(ii) Statement of Revenue, Expenses and Changes in Net Assets for the six-month period ending June 30, 2020;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the six-month period ending June 30, 2020; and


Vanessa Shipley noted those areas of the Southwest financial statements where there were variances in the year-to-date line item amounts as compared to the budgeted line item amounts and explained the reasons for the variances. These variances should disappear over time and the budgeted numbers and the actual numbers should be more in line.

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

Kenton C. Ensor, Jr.                     Aye
George E. Hamblin, Jr.                  Aye
Chuck Hause                            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, 2020, Platte Canyon’s investments and deposits totaled $10,311,978.73, itemized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td>$249,773.66</td>
<td>2.42%</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>$744,000.00</td>
<td>7.21%</td>
</tr>
<tr>
<td>ColoTrust-Prime</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>ColoTrust-Plus</td>
<td>$3,082,622.49</td>
<td>29.89%</td>
</tr>
<tr>
<td>ColoTrust-Trust Account</td>
<td>$2,480,256.04</td>
<td>24.05%</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Treasury Notes</td>
<td>$2,255,326.54</td>
<td>21.87%</td>
</tr>
<tr>
<td>U.S. Government Agencies and</td>
<td>$1,500,000.00</td>
<td>14.55%</td>
</tr>
<tr>
<td>Instrumentalities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$10,311,978.73</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
The average yield on Platte Canyon’s investments for the month of June 2020, as calculated by staff, was 0.9890% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Rock to accept the Platte Canyon Schedule of Deposits and Investments, as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner  Aye
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, 2020, Southwest’s investments and deposits totaled $24,199,737.88, itemized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td>$12,871.57</td>
<td>0.05%</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>$344,000.00</td>
<td>1.42%</td>
</tr>
<tr>
<td>ColoTrust-Prime</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>ColoTrust-Plus</td>
<td>$6,339,788.66</td>
<td>26.20%</td>
</tr>
<tr>
<td>ColoTrust-Trust Account</td>
<td>$9,493,267.80</td>
<td>39.23%</td>
</tr>
<tr>
<td>Treasury Bills</td>
<td>$0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Treasury Notes</td>
<td>$6,009,809.85</td>
<td>24.83%</td>
</tr>
<tr>
<td>U.S. Government Agencies and</td>
<td>$2,000,000.00</td>
<td>8.26%</td>
</tr>
<tr>
<td>Instrumentalities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$24,199,737.88</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The average yield on Southwest’s investments for the month of June 2020, as calculated by staff, was 1.2593% per annum.

Following a brief discussion, a motion was made by Southwest Director Hause and seconded by Southwest Director Ensor 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:
3. **CSAFE Presentation.** Angie Pizzichini and Glenn Scott from Morgan Stanley Investment Bankers presented the Boards with an overview of CSAFE, a local government investment pool for which Morgan Stanley is the investment advisor. The Pool has $3,408,000,000 invested. Mr. Scott and Ms. Pizzichini reviewed the investment policy and investment guidelines that are followed by the Pool, how the Pool purchases investments and how the Pool is governed. They also reviewed the portfolio characteristics of the Pool’s investments, including the Pool’s performance over time.

The presentation was very detailed and provided both Boards with background information on what is involved in becoming a member of CSAFE. The reason the staff is recommending the use of a second local government investment pool, in addition to ColoTrust, is to further diversify the District’s investment holdings. At the present time, Southwest has a significant amount of its investment portfolio held in ColoTrust. The current percentage of the District’s portfolio is in excess of 50% of its investable assets and staff wants to: (a) amend the District’s investment policy to allow that high of a percentage investment assets to be held in local government investment pools, and (b) obtain a second local government alternative investment pool to utilize for purposes of diversification.

The Board thanked Ms. Pizzichini and Mr. Scott for their detailed presentation. It was the general consensus of the Board that it would be a good idea to authorize a second local government investment pool which allows excess District funds to be invested on a highly liquid, short-term basis. This matter will be formally considered by the Boards for approval at the Boards’ August 2020 meeting.

Following their presentation, Ms. Pizzichini and Mr. Scott left the meeting.

4. **Management Report.** The manager and assistant manager reviewed, as more particularly set forth below the written Management Report dated July 2020. A copy of the Management Report was previously provided to each member of both Boards.

The manager reported that he had nothing specific to add to his written report, but was available for questions if either Board had any. There were no questions of the manager. The assistant manager reported on the following matters:

(a) **COVID-19 RESPONSE UPDATE.** Platte Canyon staff is continuing with its COVID-19 Response Plan, which includes requiring the staff to take their temperatures every morning before starting work following state and federal guidelines. Fabric masks are required and social distancing maintained. Staff is also encouraged to use masks outside of the office for their own personal protection. The Districts’ lobby remains closed to the public. Other particulars regarding the staff’s
response to the COVID-19 pandemic were set forth in the assistant manager’s written portion of the Management Report.

(b) Valley Sanitation Sewer Interceptor Project. The assistant manager noted that the lift station for the Valley Sanitation Sewer Interceptor Project is now onsite and is very close to being hooked up. She noted that Tony Cocozzella would provide more detailed information with respect to the Valley Project which is going smoothly during his Capital Projects Report.

5. Operations and Maintenance Summary Report. Scott Hand reviewed the Operations and Maintenance Summary Report dated June 2020. During the reporting period, neither Platte Canyon nor Southwest had any sanitary sewer service interruptions. Platte Canyon had no water service interruptions, but Southwest experienced one water service interruption on June 11th at 9809 W. Coal Mine Avenue. Mr. Hand provided a PowerPoint presentation showing the leak repair activities that were undertaken to restore water services to the Southwest’s customers.

Mr. Hand also commented briefly on the continuing remedial repairs that staff is working on with C&L Water Solutions, Inc. to complete. There were 11 remedial repairs completed during the month of June.

6 Capital Projects Report. Tony Cocozzella reviewed the Capital Projects Report for Platte Canyon and Southwest. As part of his report, Mr. Cocozzella updated the Boards 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 as part of the report.

In addition, as noted earlier by the assistant manager, Mr. Cocozzella updated both Boards as to the status of the Valley Sanitation District Sewer Interceptor Project. He provided pictures showing the status of the construction and indicated that it is anticipated that soon the sewage lift station for the force main will be operational. To-date, everything has gone very smoothly and Mr. Cocozzella and the Valley Board are pleased with the contractor’s performance.

NEW BUSINESS

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

AUGUST MEETING

The next regular joint meeting of the Boards is scheduled for Friday, August 28, 2020, at 8:30 a.m. Because of the COVID-19 pandemic, the meeting will have an option for those who are not comfortable attending physically, to attend virtually over the internet or by telephone conference call.
PLATTE CANYON PORTION OF THE JOINT MEETING

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.

APPROVAL OF PLATTE CANYON AGENDA

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
Louis J. Fohn           Aye
George E. Hamblin, Jr.  Aye
Richard Rock           Aye

PLATTE CANYON CONSENT AGENDA ITEMS

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, by a single motion:

1. Approval of Accounts Payables and Ratification of Interim Disbursements. The Platte Canyon payables and supplemental payables for the month of July 2020, in the aggregate amount of $228,889.04, represented by Platte Canyon check Nos. 33168 through 33210, inclusive, including any checks written by the manager pursuant to prior Board authorization for less than $2,500, as well as various electronic fund payments for employee salaries, utilities and other authorized electronic fund payment vendors.

2. Platte Canyon Investment/Deposit Report. During the month of June 2020, Platte Canyon renewed a $150,000 Certificate of Deposit at Fowler State Bank which matured on June 11, 2020. The Certificate of Deposit was renewed for one year, coming due on June 11, 2021 and bearing interest at the rate of .7500% per annum. During the month Platte Canyon did not purchase any treasury notes or agency or other securities and none were redeemed or matures.
The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

- William Buckner, Aye
- Louis J. Fohn, Aye
- George E. Hamblin, Jr., Aye
- Richard Rock, Aye

**PLATTE CANYON ACTION ITEMS**

1. **Director Absence Excused.** A motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to excuse the absence of Platte Canyon Director Anthony M. Dursey who was unable to attend the meeting. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

   - William Buckner, Aye
   - Louis J. Fohn, Aye
   - George E. Hamblin, Jr., Aye
   - Richard Rock, Aye

2. **Approval of Grant Water and Sanitation District/Platte Canyon Second Addendum to Intergovernmental Agreement.** At the request of the District’s manager, this matter was deferred until the August meeting.

**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 to come before the Platte Canyon Board.

**ADJOURNMENT**

There being no further business to come before this joint regular meeting of the Southwest and Platte Canyon Boards, a motion to adjourn was made by 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:

- Kenton C. Ensor, Jr., Aye
- George E. Hamblin, Jr., Aye
- Chuck Hause, Aye
The Chair then called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner          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 10:00 a.m. The next regular joint meeting of the Boards will be held on Friday, August 28, 2020, at 8:30 a.m.

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