

RECORD OF PROCEEDINGS

MINUTES OF JOINT REGULAR MEETING

BOARD OF DIRECTORS

PLATTE CANYON WATER AND SANITATION DISTRICT

AND

SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT¹

Friday
October 22, 2021
Jefferson County, Colorado

The regular joint 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, October 22, 2021, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. Due to COVID-19 concerns, the meeting was also conducted virtually using Microsoft Teams. Accordingly, those Board members who could not or were not comfortable physically attending, could attend by telephone or a virtual online meeting. The web address and call-in information were included in the meeting notice so that any 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 Platte Canyon Directors were in attendance, to wit:

William D. Buckner
Anthony M. Dursey
Louis J. Fohn
George E. Hamblin, Jr.
Mark Swatek

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.

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

The following Platte Canyon staff members were physically in attendance in the boardroom: Cynthia Lane, Manager; Alyssa Quinn, Assistant Manager; Vanessa Shipley, Financial Administrator; Scott Hand, Operations Foreman; and Tony Cocozzella, Construction Program Manager, Bridget Butterfield, Communications and Administrative Services Coordinator attended the meeting virtually from her office.²

Also, physically 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 Platte Canyon President, George E. Hamblin, Jr., 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
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Mark Swatek	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 No. 1 and No. 2, as set forth below, by a single motion:

Ratification of Interim Disbursements and Approval of Current Payables.

Platte Canyon payables and supplemental disbursements for the month of September 2021, in the aggregate amount of \$269,340.88 represented by Platte Canyon check nos. 33933 thru 33979, inclusive, including any checks for less than \$5,000 written by the manager pursuant to prior Board authorization, together with various electronic fund payments for employee salaries, utilities and other vendors authorized to receive electronic payments.

2. Platte Canyon Investment/Deposit Transaction Report. On September 8, 2021, Platte Canyon purchased a \$750,000.00 par value Federal Home Loan Bank note for \$751,567.50 that matures December 8, 2025, has a face rate of interest of 0.800% and a

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.

yield to maturity of 0.749% per annum; on September 9, 2021 Platte Canyon purchased a \$750,000.00 par value Federal Home Loan Bank note for \$752,550.00 that matures August 26, 2026, has a face rate of interest of 1% per annum and a yield to maturity of 0.923% per annum; and on September 20, 2021 Platte Canyon purchased a \$1,000,000.00 par value treasury note for \$999,100.00 that matures September 15, 2024, has a face rate of interest of 0.375% and a yield to maturity of 0.4050% per annum.

No treasury or other securities were redeemed during the month, however on September 22, 2021 Platte Canyon renewed a \$145,000.00 certificate of deposit at Flatirons Bank for one (1) year at an interest rate of 0.100% 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
Mark Swatek	Aye

PLATTE CANYON ACTION ITEMS

There were no Action Items to come before the Platte Canyon Board.

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

1. Proposed 2022 Platte Canyon Budget. To provide all Board members with background information, Vanessa Shipley provided a comprehensive budget overview of Platte Canyon's 2022 budget. The overview included a review of the 2022 budget highlights. For 2022, Platte Canyon anticipates total revenues of \$4,527,885.00 and expenses totaling \$5,619,982.00 resulting in a net operating deficit of \$1,092,097.00 and a reduction in the Platte Canyon's reserves from \$8,721,096.00 to \$7,628,999.00.

For 2022, property and specific ownership tax revenue is projected to be \$2,176,450.00 an increase of 9.7% over 2021. Platte Canyon's general operation mill levy is 7.104 mills will not change. The Preliminary Assessed Valuations (AV) show that Platte Canyon's total assessed valuation has increased 9.7% to \$284,846,021.00 from \$259,612,173.00 in 2021.

Vanessa Shipley's review of the Platte Canyon 2022 proposed budget also included a review of the proposed budgets for Subdistrict No. 1 and Subdistrict No. 2. The function of these two Subdistricts is to collect sufficient revenues to pay principal and interest on each Subdistricts' debt that was incurred to finance public infrastructure improvements within their respective boundaries.

2. **Platte Canyon Ten-Year Financial Plan.** The ten-year financial plan is prepared for purposes of complying with Platte Canyon’s policy to annually review and establish an adequate level of cash reserves for operation, capital improvements, debt service and any other needs prescribed by the Platte Canyon Board of Directors to meet expected service levels and provide adequate resources for infrastructure repair and replacement. The ten-year financial plan projects that Platte Canyon’s ending fund balance will be \$7,628,999.00 in 2022, \$8,778,388.00 in 2023 and \$8,841,173.00 in 2024. The plan shows that Platte Canyon’s reserve balance will not meet the levels previously established by the Platte Canyon Board.

Platte Canyon has significant capital expenditures anticipated in the next couple of years due to the age of its water and sewer systems. To adequately fund these expenses and to maintain adequate reserves, the Platte Canyon Board directed staff to consider a number of water and facility fee increase options for presentation to the Platte Canyon Board at the November budget meeting. The Platte Canyon Board wants to make sure that Platte Canyon’s operating revenues, at a minimum, are sufficient to meet operating expenses.

PLATTE CANYON NEW BUSINESS

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

JOINT PARTICIPATION PORTION OF THE MEETING

Platte Canyon’s President, George E. Hamblin, Jr. continued to act as Chair of the joint participation portion of the meeting.

APPROVAL OF JOINT MEETING AGENDA

A motion was made by Platte Canyon Director Dursey 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:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Mark Swatek	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

JOINT MEETING CONSENT AGENDA ITEM

1. **Approval of the Minutes of the Boards' September 24, 2021 Joint Regular Meeting.** Following a brief discussion, a motion was made by Platte Canyon Director Swatek and seconded by Platte Canyon Director Fohn to approve the minutes of the Boards' September 24, 2021 joint regular meeting 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
Mark Swatek	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 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 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 nine-month period ending September 30, 2021, were presented to the Boards:

(i) Statement of Net Assets, dated September 30, 2021, showing Platte Canyon's Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the nine-month period ending September 30, 2021;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the nine-month period ending September 30, 2021; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the nine-month period ending September 30, 2021.

Vanessa Shipley reviewed Platte Canyon’s Year-to-Date unaudited financial statements, noting any significant variances between budgeted and actual expenses or revenues. She noted that the line item for major repairs is running over budget, and may require Platte Canyon to amend its budget before the end of the calendar year.

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 Fohn to accept the Platte Canyon financial statements, as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

William Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Mark Swatek	Aye

(b) **Southwest Financial Statements.** The following unaudited Southwest financial statements, prepared by Vanessa Shipley for the nine-month period ending September 30, 2021, were presented to the Boards:

(i) Statement of Net Assets, dated September 30, 2021, showing Southwest’s Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for nine-month period ending September 30, 2021;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the nine-month period ending September 30, 2021; and

(iv) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to CM/YTD Budget for the nine-month period ending September 30, 2021.

As part of Vanessa Shipley’s review of the Southwest’s Year-to-Date unaudited financial statements, she noted any significant variances between budget and year-to-date line items. At the conclusion of her review, a motion was made by Southwest Director Dursey and seconded by Southwest Director Sebastian 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 September 30, 2021, Platte Canyon’s investments and deposits totaled \$9,422,657.58, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$168,456.70	1.79%
Certificates of Deposit	\$744,000.00	7.90%
ColoTrust-EDGE	\$1,075,102.69	11.41%
ColoTrust-Plus	\$535,922.32	5.69%
ColoTrust-Trust Account	\$755,061.47	8.01%
CSAFE-Core	\$1,603,477.04	17.02%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$3,036,582.36	32.23%
U.S. Government Agencies and Instrumentalities	<u>\$1,504,055.00</u>	<u>15.96%</u>
TOTAL	<u>\$9,422,657.58</u>	<u>100.00%</u>

The average yield on Platte Canyon’s investments for the month of September 2021, as calculated by District staff, was 0.5067% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Fohn to accept the Platte Canyon Investment/Deposit Report, 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
Mark Swatek	Aye

(d) **Southwest Investment/Deposit Report.** The Boards reviewed a list of Southwest’s investments in U.S. Government treasury notes, agency securities, certificates of deposit, and money market funds, together with a report showing the funds Southwest has in approved state depositories and authorized Local Government Investment Pools. As of September 30, 2021, Southwest’s investments and deposits totaled \$24,737,405.76, itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$11,695,00.29	0.05%
Certificates of Deposit	\$494,000.00	2.00%
ColoTrust-EDGE	\$3,000,286.58	12.13%
ColoTrust-Plus	\$444,878.72	1.80%
ColoTrust-Trust Account	\$615,986.77	2.49%
CSAFE-Core	\$5,207,246.80	21.05%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$8,963,311.60	36.23%
U.S. Government Agencies and Instrumentalities	\$6,000,000.00	24.251%
TOTAL	\$24,737,405.76	100.00%

The average yield on Southwest’s investments for the month of September 2021, as calculated by staff, was 0.5864% per annum.

Following a brief discussion, a motion was made by Southwest Director Buckner and seconded by Southwest Director Dursey 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. Due to the lateness of the hour, the manager did not review in detail the written management report. In lieu thereof she answered questions from Board members. The manager discussed the following three items that were not included as part of the management report and they were as follows:

(a) **Proposed Development Near Watson Lane.** The manager reported that there is interest in developing into a four single family home development, land within Platte Canyon around Watson Lane. Staff is currently evaluating Platte Canyon’s ability to

serve this property, including whatever extra soil bedding and other requirements will be necessary due to the presence of groundwater in the area from the South Platte River.

(b) **Chatfield Botanic Garden Service Request.** While it is very preliminary at this point, the manager reported that the Denver Botanic Gardens contacted Southwest regarding possible service to the Chatfield Botanic Gardens near Chatfield Reservoir. The manager will keep the Board apprised to as to this service request as more details become available. At this time the request is very preliminary.

(c) **Attendance at Cyber Security Conference.** The manager reported that she recently attended a cyber security conference, wherein a number of matters, including supply chain issues were discussed.

3. Operations and Maintenance Summary Report. Scott Hand reviewed the Operations and Maintenance Summary Report dated September 2021. During the reporting period, neither Platte Canyon nor Southwest experienced any sanitary sewer service interruptions.

Platte Canyon experienced two water service interruptions; one on September 9, 2021 at 5642 South Lowell Place, and one on September 11, 2021 at 6565 West Hoover Place. Mr. Hand presented a PowerPoint presentation showing the Boards the repair activities that occurred in both instances.

Southwest also experienced two water service interruptions during the reporting period. One at 7038 South Lewis Court and the other at 8827 West Plymouth Avenue. A PowerPoint presentation was again presented showing the repair activities that took place. In both cases, the water service interruptions were repaired as soon as possible using C&L Water Solutions and without significant water service interruptions to the Districts customers.

Mr. Hand reported that six additional remedial repairs were completed within Platte Canyon and Southwest during the month of September 2021. In addition, during the month operation staff held two training session utilizing software on the Districts video inspection vans. The program that was utilized connects the assets management system to the Districts GIS mapping system.

4. Capital Projects Report. Tony Cocozzella reviewed the capital projects report for both Platte Canyon and Southwest. As part of his report, Mr. Cocozzella updated the Boards as to the status of ongoing Platte Canyon and Southwest projects, including developer and District specific projects. Platte Canyon and Southwest projects that are in the design phase were also included in his report.

NEW BUSINESS

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

SOUTHWEST PORTION OF THE JOINT MEETING

CALL TO ORDER

The Southwest portion of the joint 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 Sebastian and seconded by Southwest Director Hause to approve the Southwest agenda, as presented. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Anthony M. Dursey	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 No. 1 and No. 2, as set forth below, by single motion:

1. Approval of Accounts Payable and Ratification of Interim Disbursements. The Southwest payables and supplemental payables for the month of October 2021, in the aggregate amount of \$210,440.87 represented by Southwest check nos. 20377 through 20399, inclusive, including any checks written by the manager pursuant to prior Board authorization for less than \$5,000, as well as various electronic fund payments for utilities and other authorized electronic fund payment vendors.

2. Southwest Investment/Deposit Transaction Report. On September 17, 2021, Southwest purchased a \$3,000,000.00 par value treasury note for \$2,993,268.75 that matures September 15, 2024, has face rate of interest of 0.375% and a yield to maturity of 0.505% per annum; on September 8, 2021 Southwest purchased at par \$2,000,000.00 par value Federal Home Loan Bank note having a maturity date of September 8, 2026, a coupon rate of interest of 0.8700% per annum and a yield to maturity of 0.8700% per annum.

During the month of September, Southwest did not have any treasury notes or agency securities redeem or mature. On September 22, 2021, Southwest renewed for one (1) year a \$145,000.00 certificate of deposit at Flatirons Bank at an interest rate of 0.1000% per annum. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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

SOUTHWEST ACTION ITEMS

There were no Action Items to come before the Southwest Board.

SOUTHWEST INFORMATION/DISCUSSION ITEMS

1. 2022 Proposed Southwest Budget. To provide background information for the benefit of all Board members, Vanessa Shipley provided a comprehensive overview of the proposed 2022 budget. The overview included a review of the 2022 budget highlights. For 2022, Southwest anticipates total revenue of \$2,271,758.00 and total expenditures of \$3,605,855.00 resulting in a net operating deficient of \$1,334,097.00 and a reduction in Southwest's reserves of approximately \$1,334,097.00.

Southwest does not receive any property tax revenues. For 2022, Southwest anticipates receiving \$1,467,580.00 in water and sewer service fee revenues, assuming that the water and sewer service fee remains the same at \$8.00 per month per $\frac{3}{4}$ equivalent water tap. This is approximately \$697,863.00 than projected 2022 operating expenses. Net investment income for 2022 is projected at \$98,930.00, which is \$22,890.00 or 18.8% less than the amount budgeted in 2021. The decline in market interest rates is significant for Southwest, as it relies heavily on investment income to offset and fund general operations.

2. Southwest Ten-Year Financial Plan. The Southwest ten-year financial plan is prepared for purposes of complying with Southwest's policy to annually review and establish an adequate level of cash reserves for operation, capital improvements, debt service and any other needs prescribed by the Southwest Board of Directors to meet expected service levels and provide adequate resources for infrastructure repair and replacement. The ten-year financial plan projects that Southwest's ending fund balance will be \$23,397,594.00. Over the ten-year planning period, the reserve fund balance is projected to decrease \$2,750,331.00 to \$20,674,263.00 at the end of year 2021. It was noted and discussed in some detail during Vanessa Shipley's presentation that it may be necessary to schedule an increase in a greater amount and earlier than previously planned. As with the case of Platte Canyon, the Board directed staff to consider various rate increase options for purposes of Southwest's budget for 2022, that the Southwest Board can consider at its November meeting.

3. **Joint Operating Agreement.** During the budget discussions, Director Dursey asked that staff review the methodology and the amount that Platte Canyon currently recovers from the services it provides not only Southwest Metro but the other districts with whom Platte Canyon contracts. He noted that Platte Canyon, which has a mill levy is facing significant rate increases, while Southwest which currently has no property taxes is looking at potentially less sewer service fee increases. Both Platte Canyon and Southwest Boards want to make sure that the cost allocation for running the Districts, pursuant to their joint intergovernmental agreement, is fair and reasonable to both Districts.

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 Platte Canyon and Southwest Boards, a motion to adjourn was made by Southwest Director Sebastian and seconded by Southwest Director Hause. 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
Mark Swatek	Aye

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

Anthony M. Dursey	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 11:00 a.m. The next regular joint meeting of the Boards will be held on Friday, November 19, 2021, 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.

Mark Swatek