

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
January 27, 2023
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, January 27, 2023, at 8:30 a.m. in the Districts’ office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123. Due to COVID-19 and related virus concerns, and for purposes of convenience, the meeting was also conducted virtually using Microsoft Teams.

Any Board member who could not or was not comfortable physically attending, could attend by telephone or virtually. 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 Platte Canyon Directors were in attendance, to wit:

William D. Buckner
Anthony M. Dursey
Louis J. Fohn (by telephone)
George E. Hamblin, Jr. (by Teams)
Mark Swatek

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

Anthony M. Dursey
George E. Hamblin, Jr. (by Teams)
Chuck Hause
Samuel Rivas, Jr.
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: Cynthia Lane, manager; Vanessa Shipley, financial administrator; Scott Hand, operations supervisor; Tony Cocozzella, construction program manager. Bridget Butterfield, communications and administrative services coordinator; and Adam Morse, GIS/Website/IT technician, both attended the meeting virtually via Microsoft Teams.

Timothy J. Flynn, from Collins Cole Flynn Winn & Ulmer, PLLC, legal counsel for both Districts was also in attendance.

CALL TO ORDER

The meeting was called to order by Platte Canyon Vice-President, Mark Swatek, who presided as Chair.

APPROVAL OF PLATTE CANYON AGENDA

A motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Dursey 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

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

1. Ratification of Interim Disbursements and Approval of Current Payables. Platte Canyon supplemental disbursements for the month of December 2022, in the amount of \$613,329.93, and current payables for the month of January 2023 in the amount of \$277,594.48 for an aggregate amount of \$890,924.41, represented by Platte Canyon check nos. 34620 thru 34680, 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, utility payments and other authorized electronic fund vendors.

2. Platte Canyon Investment/Deposit Transaction Report. During the month of December 2022, Platte Canyon did not purchase any treasury notes or agency securities,

nor did any agency securities or treasury notes mature or redeem. In addition, Platte Canyon did not roll-over or renew any certificates of deposit.

With respect to Consent Items 1 and 2 above, 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 Platte Canyon action items to come before the Board.

PLATTE CANYON INFORMATION/DISCUSSION ITEMS

1. **Arcadia Creek Sewer Connection Agreement/Cost Sharing Proposal with Southwest and Columbine Water and Sanitation District.** The manager and construction program manager, Tony Cocozzella, provided information as to how sanitary sewer service can most efficiently be provided to the Arcadia Creek Subdivision located at the western end of Christensen Lane that is planned for development of 23-single family high end homes with a possibility of a clubhouse.

Because Platte Canyon does not have a sanitary sewer line in the immediate vicinity of this property, the best alternative for providing sanitary sewer service is to connect the development directly to an 8” main owned by the Columbine Water and Sanitation District. That 8” main extends approximately 900 linear feet and then discharges into a 36” sanitary sewer outfall line owned by Southwest. As a result, sewer service to the Arcadia Creek Subdivision will require a three-party intergovernmental agreement between these entities.

The Columbine Water and Sanitation District has agreed to enter into such an agreement provided it is paid \$2,500 for each single-family residential equivalent sewer tap that connects indirectly into its sewer line and provided, further, Platte Canyon pays a portion of the maintenance and capital costs for the 900 linear feet of Columbine sewer line used by Arcadia Creek.

To compensate Southwest for the use of its interceptor line, Platte Canyon will pay Southwest annually a \$50 per tap fee pursuant to an existing intergovernmental agreement between Platte Canyon and Southwest. The developer will be required to pay all costs associated with developing the three-party intergovernmental sewer connection agreement.

Following a detailed discussion, it was the concurrence of the Platte Canyon and Southwest Boards that staff in connection with the Districts legal counsel should proceed in preparing a proposed IGA. The IGA would be brought back to Platte Canyon, Southwest and Columbine for final approval before sewer service can be provided.

PLATTE CANYON NEW BUSINESS

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

JOINT PARTICIPATION PORTION OF THE MEETING

Mark Swatek acted as Chair and called the joint participation portion of the meeting to order.

APPROVAL OF JOINT MEETING AGENDA

A motion was made by Southwest Director Hause and seconded by Platte Canyon Director Fohn 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
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

JOINT MEETING CONSENT AGENDA

1. Approval of the Minutes of the Boards’ December 16, 2022, Joint Regular Meeting. Following a brief discussion, a motion was made by Southwest Director Hamblin and seconded by Platte Canyon Director Buckner to approve the minutes of the Boards’ December 16, 2022, joint regular meeting, as corrected to reflect that with respect to the Executive Session at the end of the December meeting, Platte Canyon and Southwest Board both voted to go into Executive Session.

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
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

The approved minutes, as corrected, will be presented to the members of each Board for signature as soon as practical following the meeting, as further evidence of ratification, confirmation and approval.

JOINT MEETING ACTION ITEMS

No action items came before this joint regular 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, 2022, were presented to the Boards:

(i) Statement of Net Assets, dated December 31, 2022, 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, 2022;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the twelve-month period ending December 31, 2022; 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, 2022.

Vanessa Shipley noted governmental accounting standards require that all Platte Canyon investments be valued at market as of December 31, 2022. Because Platte Canyon's investment securities as of that date had a market value less than what was paid for those securities, Platte Canyon had a negative net investment income for calendar year 2022 in the amount of \$257,435.41. She noted that this is a paper loss only and all of the securities Platte Canyon owns will in all likelihood be held until maturity so Platte Canyon will receive full par value back for all of its investments. She also highlighted those areas of the budget categories that were higher than anticipated, mostly in the area of wages and remedial water and sewer maintenance costs.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Dursey 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 twelve-month period ending December 31, 2022, were presented to the Boards:

(i) Statement of Net Assets, dated December 31, 2022, showing Southwest's Assets, Liabilities, and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the twelve-month period ending December 31, 2022;

(iii) Schedule of Revenue and Expenditures – Budget & Actual CM/YTD Actuals Compared to Annual Budget for the twelve-month period ending December 31, 2022; 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, 2022.

Vanessa Shipley had the same comments concerning Southwest investment securities which had to be valued at their market value as of the end of December 31, 2022 because of governmental accounting standards. As a result, Southwest also showed a negative net investment income of \$1,305,946.05 which is a paper loss only. The principal

value of those securities had less than fair market value at the end of the year will be recovered when the securities redeem. Vanessa Shipley also explained those other areas of the budget for Southwest that were higher than anticipated primarily due to wages and remedial water and sewer line costs.

Following a brief discussion, a motion to accept the Southwest financial statements, as presented was made by Southwest Director Hause and seconded by Southwest Director Sebastian, Jr..

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
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

(c) **Platte Canyon Investment/Deposit Report.** The Boards reviewed a list of Platte Canyon 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, 2022, Platte Canyon’s investments and deposits totaled \$9,424,646.53 itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$167,297.90	1.78%
Certificates of Deposit	\$495,000.00	5.25%
ColoTrust-Edge	\$734,541.17	7.79%
ColoTrust-Plus	\$1,335,549.31	14.17%
ColoTrust-Trust Account	\$29,293.38	0.31%
CSAFE-Core	\$385,285.42	4.09%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$4,774,726.92	50.66%
U.S. Government Agencies and Instrumentalities	\$1,502,952.43	15.95%
TOTAL	<u><u>\$9,424,646.53</u></u>	<u><u>100.00%</u></u>

The average yield on Platte Canyon’s investments for the month of December 2022, as calculated by staff, was 1.9184% per annum.

Following a brief discussion, a motion was made by Platte Canyon Director Buckner and seconded by Platte Canyon Director Dursey 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 investment pools. As of December 31, 2022, Southwest’s investments and deposits totaled \$24,556,656.50 itemized as follows:

<u>Description</u>	<u>Amount</u>	<u>Percentage</u>
Checking	\$18,343.97	0.07%
Certificates of Deposit	\$494,000.00	2.01%
ColoTrust-Edge	\$1,326,693.10	5.40%
ColoTrust-Plus	\$1,658,823.50	6.76%
ColoTrust-Trust Account	\$80,720.30	0.33%
CSAFE-Core	\$543,238.66	2.21%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$14,434,836.97	58.78%
U.S. Government Agencies and Instrumentalities	\$6,000,000.00	24.43%
TOTAL	<u>\$24,556,656.50</u>	<u>100.00%</u>

The average yield on Southwest’s investments for the month of December 2022, as calculated by staff, was 1.6904% per annum.

Following a brief discussion, a motion was made by Southwest Director Rivas, Jr. and seconded by Southwest Director Sebastian, Jr. to accept the Southwest Investment/Deposit Report, 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
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

2. **Management Report.** In lieu of a detailed review of the written management report, the manager asked if there were any questions concerning the written management

report. She noted the format for the report has changed slightly and will be different going forward to allow for better tracking of the management goals set by the Boards. In addition to the written management report, the Manager reported as follows:

(a) **Tap Fee Study.** A Consultant has been retained to review and make recommendations concerning Southwest and Platte Canyon's tap fees. The Consultant's fee for performing the work will range between \$8,000 and \$10,000. The Consultant is working on both reports at the present time. An update will be provided to the Boards at their February meeting.

(b) **Bow Mar Water and Sanitation District Service Agreement.** The Bow Mar Water and Sanitation District Board recently expressed concern with the level of fees that Platte Canyon will charge for providing services during 2023, though it is believed that the Bow Mar Board will ultimately accept Platte Canyon's fee schedule for 2023. The manager noted, however, that it is a possibility that Bow Mar will want to terminate the current Service Agreement between the two Districts.

(c) **Personnel Matters.** Platte Canyon has received applications from four (4) good candidates for the Operator vacancy that currently exists. It is believed that this position will be filled within the next couple of weeks.

3. Operations and Maintenance Summary Report. Scott Hand reviewed the Operations and Maintenance Summary Report for December 2022. During the reporting period, neither Platte Canyon nor Southwest experienced any sanitary sewer service interruptions. Southwest experienced a water service interruption on December 13, 2022 at 8131 Quarto Avenue. At the time of the break, temperatures were extremely cold and as a result, it took approximately forty-eight (48) hours to complete the repairs. It is expected that the cost will be somewhere in the area of \$22,000. The break was caused by a boring contractor that nicked the top of the pipe during boring activities. It was noted that the pipe was adequately marked and located and that an invoice for the repair cost will be sent to the Contractor.

During December, the operations staff attended water and wastewater training conducted by Indigo Water Group. In addition, all staff attended fire safety training in-house. Mr. Hand reported that the Indigo water training sessions were very helpful. Also during the month, Mr. Hand and the manager attended a tour of Denver Water's recently completed Hillcrest pump station and reservoir located in the general vicinity of East Quincy Avenue and South Dahlia Street. With respect to outstanding capital purchases, the District received the ordered valve operator equipment on December 28. The new TV van also arrived on December 30th. Staff is currently working with the vendor on coordination, set up, and training.

4. 2023 Maintenance Goals. Mr. Hand then presented to both Boards the 2023 Maintenance Goals for Platte Canyon, Southwest, the Bow Mar Water and Sanitation

District, the Columbine Water and Sanitation District, and the Valley Sanitation District. These goals have been determined to be necessary for the effective, efficient, and economical operation of each District's water distribution and wastewater collection system, where applicable. Mr. Hand explained how the maintenance goals are determined, then reviewed the maintenance goals for each District. Included in the report was an itemization of the various maintenance activities and the man hours that will be necessary to accomplish each of those activities. The report serves not only as goals but also allows a basis for evaluating the performance of the goals during the calendar year.

Following Mr. Hand's in-depth review of the maintenance goals, a motion to accept those goals for calendar year 2023 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 D. Buckner	Aye
Anthony M. Dursey	Aye
Louis J. Fohn	Aye
George E. Hamblin, Jr.	Aye
Mark Swatek	Aye

For purposes of expressing their concurrence with the maintenance goals, a motion to approve the 2023 Maintenance Goals was made by Southwest Director Sebastian and seconded by Southwest Director Dursey. The Chair then 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
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

5. 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, as well as those projects that are in the design phase.

It was noted that the Wild Plum Subdivision is going to require the rehabilitation of at least fifty (50) manholes that are defective and that are currently allowing infiltration. The cost of these repairs will be paid for entirely by the developer.

NEW BUSINESS

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

SOUTHWEST PORTION OF THE JOINT MEETING

CALL TO ORDER

The Southwest portion of the joint meeting was called to order by Southwest’s President, Chuck Hause, who presided as Chair.

APPROVAL OF SOUTHWEST AGENDA

Following a brief discussion, a motion was made by Southwest Director Sebastain and seconded by Southwest Director Dursey 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
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST CONSENT AGENDA

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

1. Ratification of Interim Disbursements and Approval of Current Payables. Southwest supplemental disbursements for the month December 2022 and Southwest payables and supplemental disbursements for January 2023, in the aggregate amount of \$208,716.83 represented by Southwest check no’s. 20788 through 20822 inclusive, including checks written by the manager for less than \$5,000 pursuant to prior Board authorization, as well as various electronic fund payments for utilities and other authorized electronic fund payment vendors.

2. Southwest Investment/Deposit Transaction Report. During the month of December 2022, Southwest did not purchase any new investment securities, nor did it have any investment securities redeemed, sold, or mature. In addition, no certificates of deposit were renewed or rolled over.

With respect to the above referenced consent items and following a few brief comments by Vanessa Shipley, 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
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

SOUTHWEST ACTION ITEMS

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

SOUTHWEST INFORMATION/DISCUSSION ITEMS

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

SOUTHWEST NEW BUSINESS

There was no new business to come before the Southwest Board at this meeting.

EXECUTIVE SESSION

Following a brief discussion, a motion was made by Southwest Director Sebastian and seconded by Southwest Director Rivas to go into Executive Session, pursuant to Section 24-6-402(4)(f) C.R.S for the purpose of developing strategy and instructing negotiators with respect to the Santa Fe Park South contract negotiations.

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
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

At this point in the meeting, Platte Canyon Directors Fohn and Swatek left the meeting. Present during the Executive Session were the five Southwest Directors, Timothy Flynn, the District's legal counsel, and Southwest construction project manager Tony Cocozzella. The Executive Session was entered at approximately 10:00 a.m.

The Executive Session was recorded, as required by law. At approximately 10:18 a.m. the Board returned to Open Public Meeting. Following a brief discussion, the Board authorized the District’s manager and legal counsel to continue discussion with representatives from Toll Brothers regarding the expansion of certain Southwest sanitary sewer facilities that will need to occur in order to provide sanitary sewer service to the Santa Fe Park South development.

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 Platte Canyon Director Hamblin.

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

William Buckner	Aye
Anthony M. Dursey	Aye
George E. Hamblin, Jr.	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
Samuel Rivas, Jr.	Aye
Bernard J. Sebastian, Jr.	Aye

Whereupon, this joint regular meeting of the Platte Canyon and Southwest Boards of Directors adjourned at approximately 10:25 a.m. The next regular joint meeting of the Boards will be held on Friday, February 24, 2023, at 8:30 a.m. in the District’s office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

Respectfully submitted,

Timothy J. Flynn, Recording Secretary

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

George E. Hamblin, Jr.

Anthony M. Dursey

Chuck Hause

Louis J. Fohn

Samuel Rivas, Jr.

George E. Hamblin, Jr.

Bernard J. Sebastian, Jr.

Mark Swatek