

# RECORD OF PROCEEDINGS

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## MINUTES OF REGULAR JOINT MEETING

### BOARD OF DIRECTORS

#### SOUTHWEST METROPOLITAN WATER AND SANITATION DISTRICT

#### AND

#### PLATTE CANYON WATER AND SANITATION DISTRICT<sup>1</sup>

Friday  
July 24, 2009  
Jefferson County, Colorado

The regular monthly joint 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, 2009, 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:

Kenneth D. Bradford  
Anthony M. Dursey  
Kenton C. Ensor, Jr.  
George E. Hamblin, Jr.  
Chuck Hause

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

Kenneth D. Bradford  
Jack C. Dice  
Anthony M. Dursey  
Richard C. Eckert  
Richard Spielman

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<sup>1</sup> and each District’s Water and Sanitary Sewer Activity Enterprise.

## RECORD OF PROCEEDINGS

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The following Platte Canyon staff members were in attendance: Patrick J. Fitzgerald, manager; Scott Morse, assistant manager; Dennis Morse, construction coordinator and inspector; and Scott Hand, operations supervisor.<sup>2</sup>

Also in attendance were William H. Van Schooneveld, Southwest's financial consultant; Paul Goldfain, from Kennedy/Jenks Consultants, Southwest's consulting engineer; and Timothy J. Flynn, from Collins, Cockrel & Cole, P.C., legal counsel for both Districts.

### CALL TO ORDER

The Southwest action items portion of the meeting was called to order by Anthony M. Dursey, who presided as Chair.

### SOUTHWEST ACTION ITEMS

1. **Approval of Southwest Agenda.** A motion was made by Southwest Director Ensor 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:

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye

2. **Southwest Accounts Payable.** The Boards reviewed a list and supplemental list of Southwest vouchers paid and payable for July 2009 in the aggregate amount of \$106,941.39. Following a brief discussion, a motion was made by Southwest Director Bradford and seconded by Southwest Director Hause to ratify, approve and confirm the payables as presented and to authorize Southwest Directors to execute Southwest's check nos. 15664 through 15698 inclusive, in payment thereof. The Chair called for a vote of the Southwest Board, and the vote was as follows:

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<sup>2</sup> Southwest has no employees. The above-named personnel are Platte Canyon employees who, pursuant to contract with Platte Canyon, provide management, operation and maintenance services for Southwest.

## RECORD OF PROCEEDINGS

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Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye

3. **Southwest Investment/Deposit Transaction Report.** The Boards reviewed the Schedule of Investment Principal Activity for Southwest for the month of June 2009, which reflects the following transactions:

(a) **Purchases.** On June 18, 2009, the District purchased a \$100,000 one-year Certificate of Deposit at Citywide Banks and at Flatirons Banks. The Certificates of Deposit bear interest respectively at the rates of 2.25% and 1.9% per annum, and both mature on June 18, 2010; and

(b) **Redemptions.** No securities were redeemed or sold during the month; and

(c) **Renewals.** No Certificates of Deposit were renewed or rolled over during the month.

Following a discussion of the above-referenced investment transactions, a motion was made by Southwest Director Ensor and seconded by Southwest Director Hause to ratify, approve and confirm the Southwest Investment Principal Activity Report for the month of June 2009. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye

The manager noted that during the early part of July, Southwest invested \$500,000 in two separate Certificates of Deposit of \$250,000 each. These transactions will be reflected on next month's Investment/Deposit Transaction Report.

## RECORD OF PROCEEDINGS

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### SOUTHWEST INFORMATION/DISCUSSION ITEMS

1. **Engineering Report.** Paul Goldfain reviewed Kennedy/Jenks Consultants' written engineering memorandum dated July 17, 2009, a copy of which had been previously provided to both Boards.

The plans for the Burgandy/Brittany Drive Water Line Replacement Project have been approved by Denver Water and should be issued soon. The contractor is expected to start construction the week of July 27, 2009 or August 3, 2009. A pre-construction meeting is being scheduled.

2. **Capital Projects Report.** Mr. Dennis Morse noted that Paul Goldfain described in detail all of the projects on the Southwest Capital Projects report and he had nothing further to add. He offered to answer any questions, but the Board had none.

### SOUTHWEST NEW BUSINESS

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

### JOINT MEETING ACTION ITEMS

1. **Approval of Joint Meeting Agenda.** A motion was made by Platte Canyon Director Eckert and seconded by Southwest Director Bradford to approve, as presented, the agenda for the joint participation portion of the meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
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:

Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

## RECORD OF PROCEEDINGS

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2. **Approval of Minutes of the Boards' June 26, 2009 Meeting.** Following a brief discussion, a motion was made by Platte Canyon Director Eckert and seconded by Platte Canyon Director Spielman to approve, as written, the minutes of the Boards' June 26, 2009 regular joint meeting. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
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:

Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

The approved minutes were then presented to the members of each Board for signature as further evidence of ratification, confirmation and approval.

### **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, 2009 were presented to the Boards and reviewed in her absence by the manager:

- (i) Statement of Net Assets dated June 30, 2009 showing Platte Canyon's Assets and Liabilities and Net Assets;
- (ii) Statement of Revenue, Expenses and Changes in Net Assets for the six month period ending June 30, 2009;
- (iii) Statement of Net Assets – Comparisons dated June 30, 2009;

## RECORD OF PROCEEDINGS

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(iv) Schedule of Revenue and Expenditures – Budget and Actual PTD/YTD Actuals Compared to Annual Budget for the six month period ending June 30, 2009; and

(v) Schedule of Revenue and Expenditures Budget and Actual PTD/YTD Actuals Compared to PTD/YTD Budget for the six month period ending June 30, 2009.

At the conclusion of the manager’s review of the financial statements, a motion was made by Platte Canyon Director Spielman and seconded by Platte Canyon Director Bradford 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:

Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

(b) **Southwest Financial Statements.** The following unaudited Southwest financial statements prepared by Vanessa Shipley for the six month period ending June 30, 2009 were presented to the Boards and reviewed in her absence by the manager:

(i) Statement of Net Assets dated June 30, 2009 showing Southwest’s Assets and Liabilities and Net Assets;

(ii) Statement of Revenue, Expenses and Changes in Net Assets for the six month period ending June 30, 2009;

(iii) Statement of Net Assets – Comparisons dated June 30, 2009;

(iv) Schedule of Revenue and Expenditures – Budget and Actual PTD/YTD Actual Compared to Annual Budget for the six month period ending June 30, 2009; and

(v) Schedule of Revenue and Expenditures Budget and Actual PTD/YTD Actual Compared to PTD/YTD Budget for the six month period, ending June 30, 2009.

## RECORD OF PROCEEDINGS

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

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye

(c) **Platte Canyon Investment/Deposit Report.** The Boards received a list of Platte Canyon investments in U.S. government treasury notes, agencies, instrumentalities, and money market funds, together with a report showing the funds Platte Canyon has in approved state depositories and authorized investment pools. As of June 30, 2009, Platte Canyon's investments and deposits totaled \$8,996,321.74, itemized as follows:

Description	Amount	Percentage
Checking	\$42,248.57	0.47%
Certificates of Deposit	\$3,197,000.00	35.54%
ColoTrust Prime	\$0.00	0.00%
ColoTrust Plus	\$1,791,087.44	19.91%
ColoTrust-Trust Account	\$39,410.33	0.44%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$1,265,292.04	14.06%
U.S. Government Agencies and Instrumentalities	\$2,661,283.36	29.58%
TOTAL	\$8,996,321.74	100.00%

The yield on Platte Canyon's investments for the month of June 2009 as calculated by staff was 2.1296% per annum. Following the manager's review of the Investment/Deposit Report, a motion was made by Platte Canyon Director Bradford and seconded by Platte Canyon Director Eckert 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:

## RECORD OF PROCEEDINGS

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Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

(d) **Southwest Investment/Deposit Report.** The Boards received a list of Southwest investments in U.S. government treasury notes, agencies, instrumentalities, 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, 2009, Southwest's investments and deposits totaled \$37,997,915.71, itemized as follows:

Description	Amount	Percentage
Checking	\$2,413.36	0.01%
Certificates of Deposit	\$6,746,000.00	17.75%
ColoTrust Prime	\$0.00	0.00%
ColoTrust Plus	\$1,681,154.68	4.42%
ColoTrust-Trust Account	\$35,511.22	0.09%
Treasury Bills	\$0.00	0.00%
Treasury Notes	\$16,426,361.06	43.23%
U.S. Government Agencies and Instrumentalities	\$13,106,475.39	34.49%
TOTAL	\$37,997,915.71	100.00%

The yield on Southwest's investments for the month of June 2009 as calculated by staff was 3.3961% per annum. Following the manager's review of the Investment/Deposit Transaction Report, a motion was made by Southwest Director Hamblin 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 follows:

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
Kenton C. Ensor, Jr.	Aye
George E. Hamblin, Jr.	Aye
Chuck Hause	Aye

2. **Littleton Sewer Rate Coalition Report.** The sewer rate study prepared by Raftelis Consultants, Inc. was finalized during the month and delivered both in hard copy

## RECORD OF PROCEEDINGS

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and electronically to City of Littleton staff on or before July 10, 2009. If Littleton staff or any City Council members has any questions regarding the report, they were invited to contact the rate consultants directly or the Coalition. To date, neither the Coalition nor the consultants have been asked any questions. The Coalition is on schedule to meet with Littleton City Council during an August 11, 2009 study session to review the report.

On July 29, 2009 Raftelis consultants, William Stannard and Thomas Beckley, will meet with the Coalition to go over the presentation that will be made to the Littleton City Council. All Southwest and Platte Canyon Board members are invited to attend the July 29, 2009 meeting.

The rate study demonstrates conclusively that none of Littleton's customers are currently paying the actual cost of the wastewater service that is being provided by Littleton. Outside City customer rates are generally closer to the cost of service than inside City customer rates, but the rates for both classes of customers need to increase significantly in order to recover the cost of service and place the wastewater treatment plant operation on a sound financial basis. The report presents the Littleton City Council with two options for increasing rates. The first option is to go to a cost of service rate immediately. The second option is to increase rates over a five-year period so that at the end of that period, each class of customer is paying the cost of the service they are receiving.

3. **Manager's Information Report.** The discussion of Littleton's sewer rates and the sewer rate study was detailed. Due to the lateness of the hour, the manager did not review in detail his written Information Report dated July 2009, a copy of which had been previously provided to both Boards. The manager offered to answer any questions concerning the Information Report. There were no questions.

4. **Operations and Service Interruptions Report.** Scott Hand reviewed his Operations and Service Interruptions Report dated July 24, 2009. The report reflects that neither Platte Canyon nor Southwest had any water or wastewater service interruptions during the month. However, Mr. Hand reported that after the report was prepared, Southwest experienced a water line break at Chatfield and Garrison. After the initial break was repaired, a second leak was discovered. Both breaks have been repaired without any significant service interruption to Southwest customers.

Mr. Hand reported that the Watrous Fire Hydrant Company recently won a lawsuit against Chevron Oil Company that arose out of allegations that the grease for the fire hydrants supplied by Chevron Oil was defective. As a result of the defect, the upper rod within the fire hydrant assembly may fail due to the presence of acetate in the grease.

## RECORD OF PROCEEDINGS

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Platte Canyon and Southwest combined own over 266 of these fire hydrants. As a result of the lawsuit, the upper rods are being replaced at no cost to either District. The replacement program began on June 29, 2009 and was completed by July 15, 2009.

Mr. Hand then reviewed the status of the service Platte Canyon provides to Bow Mar, Columbine, Lockmoor and Valley Districts pursuant to intergovernmental agreement.

### NEW BUSINESS

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

### PLATTE CANYON ACTION ITEMS

#### CALL TO ORDER

The Platte Canyon action items portion of the joint meeting was called to order by Jack C. Dice, who presided as chair.

1. **Approval of Platte Canyon Agenda.** Following a brief discussion, a motion was made by Platte Canyon Director Eckert and seconded by Platte Canyon Director Bradford to approve the Platte Canyon agenda as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

2. **Platte Canyon Accounts Payable.** The Boards reviewed a list and supplemental list of Platte Canyon vouchers paid and payable for July 2009 in the aggregate amount of \$53,309.93 represented by Platte Canyon check nos. 25552 through 25605, inclusive. Following a brief discussion, a motion was made by Platte Canyon Director Dursey and seconded by Platte Canyon Director Eckert to: (a) ratify, approve and confirm all checks written and all electronic fund transfers occurring since the Board's June 26, 2009 regular meeting, including all checks written by the District manager for less than \$2,500.00; and (b) approve for payment the payables presented to the Platte Canyon Board at this meeting which included authority for the Platte Canyon Directors to execute checks in payment thereof. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

## RECORD OF PROCEEDINGS

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Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

3. **Platte Canyon Investment/Deposit Transaction Report.** The Boards reviewed the Schedule of Investment Principal Activity for Platte Canyon for the month of June 2009, which reflects the following transactions:

(a) **Purchases.** On June 18, 2009, Platte Canyon purchased a one-year \$100,000 Certificate of Deposit in Citywide Banks and Flatirons Banks. The Certificate of Deposit in Citywide Banks earns interest at the rate of 2.5% per annum and the Certificate of Deposit in Flatirons Banks earns interest at 1.9% per annum. Both Certificates of Deposit mature on June 18, 2010; and

(b) **Redemptions.** No securities were redeemed or sold during the month.

(c) **Renewals.** On June 30, 2009, a one-year \$100,000 Certificate of Deposit at Bank of Choice was rolled over for another year. The interest rate on the new Certificate of Deposit is 1.8% per annum. At the conclusion of the manager's review of the report, a motion was made by Platte Canyon Director Eckert and seconded by Platte Canyon Director Bradford to accept the report as presented. The Chair called for a vote of the Platte Canyon Board, and the vote was as follows:

Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

### **PLATTE CANYON INFORMATION/DISCUSSION ITEMS**

1. **Capital Projects Report.** Mr. Dennis Morse reported that the two capital projects scheduled for the month, i.e. the Water Line Replacement Project in West Leawood Drive between South Sheridan Boulevard and South Benton Way and on West Ottawa Place between South Webster Street and the end of the cul-de-sac in the Columbine West Subdivision are scheduled to begin this week. The contractor is Twin

## **RECORD OF PROCEEDINGS**

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Peaks Excavation. The contractor is on site and is scheduled to do their inspection video and lay pipe the following week.

### **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 regular joint meeting of the Boards, a motion was made by Southwest Director Dursey and seconded by Southwest Director Bradford to adjourn. The Chair called for a vote of the Southwest Board, and the vote was as follows:

Kenneth D. Bradford	Aye
Anthony M. Dursey	Aye
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:

Kenneth D. Bradford	Aye
Jack C. Dice	Aye
Anthony M. Dursey	Aye
Richard C. Eckert	Aye
Richard Spielman	Aye

Whereupon, this regular joint meeting of the Southwest and Platte Canyon Boards of Directors adjourned at approximately 9:30 a.m. The next regular joint meeting of the Boards will be held on Friday, August 28, 2009 at 8:30 a.m. in the Districts' office located at 8739 West Coal Mine Avenue, Littleton, Colorado 80123.

Respectfully submitted,

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Timothy J. Flynn, Recording Secretary

**RECORD OF PROCEEDINGS**

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THE MINUTES OF THIS REGULAR JOINT 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 REGULAR MEETING OF THE DISTRICT'S BOARD 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

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Kenneth D. Bradford

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Kenneth D. Bradford

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Kenton C. Ensor, Jr.

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Jack C. Dice

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George E. Hamblin, Jr.

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Richard Spielman