

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE SPRING VALLEY METROPOLITAN DISTRICT NO. 1 AND THE BOARD OF DIRECTORS OF THE SPRING VALLEY METROPOLITAN DISTRICT NO. 1 WATER AND SEWER ACTIVITY ENTERPRISE HELD NOVEMBER 17, 2022

A Regular Meeting of the Board of Directors of the Spring Valley Metropolitan District No. 1 (referred to hereafter as the "District") and the Board of Directors of the Spring Valley Metropolitan District No. 1 Water and Sewer Activity Enterprise (referred to hereafter as the "Enterprise," referred to hereafter collectively as the "Board"), was convened on Thursday, November 17, 2022 at 4:00 p.m. via Zoom video/telephone conference. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

James E. Marshall
Shelley Marshall

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the absence of Director Holly Robinson was excused.

Also In Attendance Were:

James Ruthven; Special District Management Services, Inc. ("SDMS")

MaryAnn McGeady, Esq., Erica Montague, Esq. and Craig Sorensen; McGeady Becher P.C.

Eric Weaver and Cheri Curtis; Marchetti & Weaver, LLC

Wayne Ramey; Ramey Environmental Compliance, Inc.

Christopher ("CJ") Kirst; Tahoe Consulting, LLC

PUBLIC COMMENTS

There were no public comments.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosures of Potential Conflicts of Interest: The Board discussed the requirements pursuant to the Colorado Revised Statutes to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board of Directors and to the Secretary of State.

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Mr. Ruthven noted that a quorum was present and requested members of the Board to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney Montague noted that Disclosure Statements have been filed for all directors. No additional conflicts were disclosed.

ADMINISTRATIVE MATTERS

Agenda: Mr. Ruthven distributed, for the Board's review and approval, a proposed agenda for the District's Regular Meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the agenda was approved, as presented.

Meeting Location and Posting of Meeting Notices: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board determined the meeting would be held by video/telephonic means, and encouraged public participation via video or telephone. The Board further noted that notice of the time, date and location was duly posted and that no objections to the video/telephonic manner of the meeting, or any requests that the video/telephonic manner of the meeting be changed by taxpaying electors within the District boundaries, have been received.

Minutes: The Board reviewed the Minutes of the October 20, 2022 Regular Meeting.

Following discussion, upon motion duly made by Director S. Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Minutes of the October 20, 2022 Regular Meeting were approved.

Resolution No. 2022-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices: Mr. Ruthven discussed with the Board Resolution No. 2022-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

The Board determined to meet at 4:00 p.m. on the third Thursday of every month via Zoom video/telephone conference.

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Following discussion, upon motion duly made by Director S. Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2022-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24–Hour Notices.

§32-1-809, C.R.S. Reporting Requirements, Mode of Eligible Elector Notification for 2023: Mr. Ruthven discussed with the Board §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2023.

Following discussion, upon motion duly made by Director S. Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board directed staff to post the Transparency Notice on the Special District Association’s website and the District’s website.

FINANCIAL MATTERS

Claims: The Board considered ratifying the approval of the payment of claims as follows:

Fund	Period ending October 31, 2022
General	\$ 11,461.80
Debt Service	\$ -0-
Capital	\$ 476,109.81
Enterprise	\$ 93,044.50
Total Claims	\$ 580,616.11

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board ratified approval of the payment of claims, as presented.

Cost Verification Report No. 34: The Board reviewed Cost Verification Report No. 34 dated November 9, 2022, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$38,176.73.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Robinson and, upon vote, unanimously carried, the Board approved Cost Verification Report No. 34 dated November 9, 2022, prepared by Schedio Group, LLC, verifying the costs associated with the design and construction of public improvements in the amount of \$38,176.73. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 12 under the Series 2021(3) Bonds in the amount of \$38,176.73 for verified costs.

Unaudited Financial Statements and Schedule of Cash Position: Mr. Weaver reviewed with the Board the unaudited financial statements and the schedule of cash position for the period ending September 30, 2022.

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Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board accepted the unaudited financial statements and the schedule of cash position for the period ending September 30, 2022.

2022 Audit: The Board reviewed the proposal from FredrickZink & Associates to prepare the 2022 Audit.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board approved the engagement of FredrickZink & Associates to prepare the 2022 Audit, for an amount not to exceed \$6,500.

2022 Budget Amendment Hearing: Director J. Marshall opened the public hearing to consider the amendment of the 2022 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider the amendment of the 2022 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to this public hearing. No public comments were received, and the public hearing was closed.

Following discussion, it was determined that no amendment to the 2022 Budget was required.

2023 Budget Hearing: Director J. Marshall opened the public hearing to consider the proposed 2023 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2023 Budget and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. No written objections were received prior to or at this public hearing. No public comments were received, and the public hearing was closed.

Mr. Weaver reviewed the estimated year-end 2022 revenues and expenditures and the proposed 2023 revenues and expenditures. It was determined that no mill levy will be certified.

Following discussion, the Board considered the adoption of Resolution No. 2022-11-02 to Adopt the 2023 Budget and Appropriate Sums of Money. Upon motion duly made by Director S. Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Resolution was adopted, as discussed, and execution of the Certification of Budget and Certification of Mill Levies was authorized, subject to receipt of final Certification of Assessed Valuation from the County on or before December 10, 2022. Mr. Ruthven was authorized to transmit the

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Certification of Budget to the Division of Local Government not later than January 30, 2023. A copy of the adopted Resolution is attached to these Minutes and incorporated herein by this reference.

DLG-70 Mill Levy Certification Form: The Board considered authorizing the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form (zero mill levy) for certification to the Board of County Commissioners and other interested parties.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form (zero mill levy) for certification to the Board of County Commissioners and other interested parties.

Residential Water and Wastewater Fees and Charges: Director J. Marshall opened the public hearing to consider an increase in the District's water and wastewater fees and charges.

It was noted that publication of Notice stating that the Board would consider increasing the District's water and wastewater fees and charges, and the date, time and place of the public hearing was made in a newspaper having general circulation within the District, at least 30 days prior to the public hearing. No written objections were received prior to or at this public hearing. No public comments were received, and the public hearing was closed.

Mr. Weaver reviewed the 2022 Residential Water and Sewer Rate Comparisons document with the Board. He recommended an 8% increase over the current rates.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board approved an 8% increase over the District's current water and wastewater fees and charges, to be effective as of January 1, 2023. The Board further directed Mr. Ruthven to draft a letter regarding the increased fees and charges to be sent to the District's water and wastewater customers with the December 2022 bills.

LEGAL MATTERS

May 2, 2023 Regular Directors' Election: Attorney Montague discussed with the Board Resolution No. 2022-11-03, Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the Designated Election Official ("DEO") and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board adopted

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Resolution No. 2022-11-03, Resolution Calling a Regular Election for Directors on May 2, 2023, appointing the DEO and authorizing the DEO to perform all tasks required for the conduct of a mail ballot election. A copy of the adopted Resolution is attached hereto and incorporated herein by this reference.

Engagement of Water Attorney: The Board entered into discussion regarding the engagement of a water attorney in connection with Water Acquisition Agreement between the District and the Arapahoe County Water and Wastewater Authority. Attorney McGeady recommended Eric Trout of Hayes Poznanovic Korver LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board authorized the engagement of Eric Trout of Hayes Poznanovic Korver LLC as special counsel for water matters.

CAPITAL IMPROVEMENTS MATTERS

Report from Construction Committee: Mr. Kirst provided a brief update.

Adjustment to the Parameters of the Authority of the Construction Committee to Act: No adjustment to the parameters of the Construction Committee to act was required.

First Amendment to Agreement Regarding Construction of River Highlands Drive & Calusa Pines Road by and between the District and Three Sons Construction, LLC: The Board reviewed the First Amendment to Agreement Regarding Construction of River Highlands Drive & Calusa Pines Road by and between the District and Three Sons Construction, LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board ratified approval of the First Amendment to Agreement Regarding Construction of River Highlands Drive & Calusa Pines Road by and between the District and Three Sons Construction, LLC.

OPERATIONS & MAINTENANCE

Monthly Activities Report for October 2022: Mr. Ramey discussed with the Board the Ramey Environmental Compliance monthly activities for October 2022.

Field Services and Inspection Services: Attorney McGeady informed the Board that she has already discussed field services and inspection services with Mr. Ruthven. No action was taken by the Board.

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OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall, and upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By



Secretary for the Meeting