

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 MAY 18, 2023

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, May 18, 2023 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
Holly D. Robinson

Also In Attendance Were:

AJ Beckman; Public Alliance, LLC

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

Eric Weaver and Cheri Curtis; Marchetti & Weaver, LLC

CJ Kirst; Tahoe Consulting, LLC

Wayne Ramey and Mike Murphy; Ramey Environmental Compliance, Inc.

PUBLIC COMMENTS

There were no public comments.

ADMINISTRATIVE MATTERS

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.

Mr. Beckman 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

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disclosures made by the Board members prior to this meeting in accordance with the statute. Attorney McGeady noted that Disclosure Statements have been filed for all directors. No additional conflicts were disclosed.

Agenda: Mr. Beckman 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 Robinson and, upon vote, unanimously carried, the agenda was approved, as amended.

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 Robinson 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 April 20, 2023 Regular Meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Minutes of the April 20, 2023, Regular Meeting were approved.

May 2, 2023 Election: Mr. Beckman advised the Board that the May 2, 2023 election was cancelled, as allowed under Colorado law, by the Designated Election Official because there were not more candidates than positions available on the Board of Directors. It was noted that Director James Marshall was deemed elected to a 4-year term ending in May 2027.

Appointment of Officers: The Board entered into discussion regarding the appointment of officers.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the following slate of officers were appointed:

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President	James E. Marshall
Treasurer	Shelley Marshall
Secretary	AJ Beckman
Assistant Secretary	Holly D. Robinson

FINANCIAL MATTERS

Claims: Mr. Weaver reviewed with the Board the payment of claims as follows:

Fund	Period ending May 18, 2023
General	\$ 26,334.63
Debt Service	\$ -0-
Capital	\$ 15,809.35
Enterprise	\$ 49,148.77
Total Claims	\$ 91,292.75

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

Cost Verification Report No. 40: The Board reviewed Cost Verification Report No. 40 dated May 12, 2023, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$13,146.93.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved Cost Verification Report No. 40 dated May 12, 2023, prepared by Schedio Group, LLC, verifying the costs associated with the design and construction of public improvements in the amount of \$13,146.93. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 18 under the Series 2021(3) Bonds, in the amount of \$203,301.00.

Unaudited Financial Statements: Mr. Weaver presented to the Board the unaudited financial statements and schedule of cash position for the period ending March 31, 2023.

Following discussion, upon motion duly made by Director Shelley Marshall, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board accepted the unaudited financial statements and the schedule of cash position for the period ending March 31, 2023.

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LEGAL MATTERS

Elbert County District Court Case No. 2022CV30097, Div. 1, Christopher N. Hatton and Kristine M. Doke vs. Elbert County, Colorado by and through the Board of County Commissioners of the County of Elbert and Spring Valley Metropolitan District No. 1 (the “Litigation”): Director J. Marshall provided an update.

Utility Underground Access Easement between the District and CORE Electric Cooperative: The Board reviewed the Utility Underground Access Easement between the District and CORE Electric Cooperative.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of the Utility Underground Access Easement between the District and CORE Electric Cooperative.

CAPITAL IMPROVEMENT MATTERS

Report from Construction Committee: Mr. Kirst provided an update on construction activities in the District.

Adjustment to the Parameters of the Authority of the Construction Committee to Act: No action was taken.

Change Order No. 1 to the Contract for Construction of River Highlands Drive & Calusa Pines Road: The Board reviewed Change Order No. 1 to the Contract for Construction of River Highlands Drive and Calusa Pines Road between the District and Three Sons Construction, LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of Change Order No. 1 to the Agreement Regarding Construction of River Highlands Drive and Calusa Pines Road between the District and Three Sons Construction, LLC, for removal and re-laying of 100' of 26" RCP, for an increase in the contract amount of \$9,585.

Change Order No. 2 to the Contract for Construction of River Highlands Drive & Calusa Pines Road: The Board reviewed Change Order No. 2 to the Contract for Construction of River Highlands Drive and Calusa Pines Road between the District and Three Sons Construction, LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved Change Order No. 2 to the Contract for Construction of River Highlands Drive and Calusa Pines Road between the District and Three Sons Construction, LLC, for asphalt price increases, for an increase in the contract amount of \$423,507.12.

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OPERATIONS & MAINTENANCE

Monthly Activities Report for April 2023: Mr. Ramey discussed with the Board the Ramey Environmental Compliance monthly activities report for April 2023.

Air Relief Valve Proposal: Mr. Ramey reviewed with the Board the proposal from Ramey Environmental Compliance, Inc. for installation of an air relief valve.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the proposal from Ramey Environmental Compliance, Inc. for installation of an air relief valve, in an amount not to exceed \$1,596.58.

Motor Saver Proposal: Mr. Ramey reviewed with the Board the proposal from Ramey Environmental Compliance, Inc. for the replacement of a motor saver.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the proposal from Ramey Environmental Compliance, Inc. for replacement of motor saver, in an amount not to exceed \$1,598.33.

Service Agreement for Security Camera System: Mr. Ramey reviewed with the Board the Service Agreement for Security Camera System between the District and Reliable Home Technology, Inc. Mr. Ramey informed the Board that the scope of the agreement has been revised since approval of the proposal at the last meeting to include more cameras, and that the amount has been increased to \$6,759.00.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the Service Agreement for a Security Camera System between the District and Reliable Home Technology, Inc.

Change Order No. 5 – MTECH: Mr. Ramey reviewed with the Board Change Order No. 5 to the Service Agreement for HVAC Maintenance Services between the District and MTECH Mechanical Technologies Group, Inc., for replacement of four rooftop exhaust fans, in the amount of \$50,991.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved Change Order No. 5.

Master Service Agreement for Water Treatment Plant Maintenance Services: The Board reviewed the Master Service Agreement for Water Treatment Plant Maintenance Services between the District and Generator Source, LLC.

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

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Master Service Agreement for Water Treatment Plant Maintenance Services between the District and Generator Source, LLC (MSA).

Task Order No. 1 to the MSA: The Board reviewed Task Order No. 1 to the MSA, for removal of bird's nest, in the amount of \$2,126.00.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved Task Order No. 1 to the MSA.

Task Order No. 2 to the MSA: The Board reviewed Task Order No. 2 to the MSA, for battery replacement, in the amount of \$614.53.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved Task Order No. 2 to the MSA.

Service Agreement for Carbon Fill Services: The Board reviewed the Service Agreement for Carbon Fill Services between the District and AqueoUS Vets, LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the Service Agreement for Carbon Fill Services between the District and AqueoUS Vets, LLC, in the amount of \$18,573.00.

Letter Regarding Extraterritorial Water and Sewer Service: The Board reviewed the Letter Regarding Extraterritorial Water and Sewer Service between the District and Coyote Ridge, LLC.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the Letter Regarding Extraterritorial Water and Sewer Service between the District and Coyote Ridge, LLC.

January 1, 2020 Service Agreement for Operator in Responsible Charge: The Board reviewed the January 1, 2020 Service Agreement for Operator in Responsible Charge between the District and Ramey Environmental Compliance, Inc.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of the January 1, 2020 Service Agreement for Operator in Responsible Charge between the District and Ramey Environmental Compliance, Inc.

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July 10, 2020 Service Agreement – Pump Station Upgrade: The Board reviewed the July 10, 2020 Service Agreement – Pump Station Upgrade between the District and Cogent, Inc., d/b/a Water Technology Group.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of the July 10, 2020 Service Agreement – Pump Station Upgrade between the District and Cogent, Inc., d/b/a Water Technology Group.

Meter Reading Devices: Mr. Beckman reviewed options for upgrading meter transmitters including the minimum necessary to achieve consistent local remote-reading capabilities, and an option to implement cellular data transmission, which would allow meters to be read from anywhere with internet access. The latter option would require a higher initial investment as all existing transmitters would be replaced, however the ongoing expense for on-site meter reading would be eliminated, except in cases of malfunctioning meters or transmitter units.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the expenditure of up to \$165,000 for cellular data meter transmitters and a handheld meter reading unit, and directed that written proposals be provided to the Board for ratification at the next meeting.

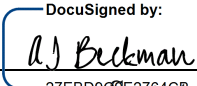
OTHER BUSINESS

Mr. Weaver noted that underground utility locates are expected to be significantly over budget. Director Marshall asked about the services presently being performed. Mr. Beckman explained that Diversified Underground is performing the service and is well suited as they have the equipment and expertise. Mr. Ramey was in agreement. Mr. Weaver informed the Board that the 2023 budget can be amended to cover the additional costs at the fall budget hearing.

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 Robinson and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By  _____
Secretary for the Meeting