

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 JUNE 15, 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, June 15, 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
Holly D. Robinson

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

Also In Attendance Were:

AJ Beckman; Public Alliance, LLC

MaryAnn McGeady, Esq. and Jay Morse, Esq.; McGeady Becher P.C.

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.

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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 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 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 May 18, 2023 Regular Meeting.

Following discussion, upon motion duly made by Director Robinson, seconded by Director J. Marshall and, upon vote, unanimously carried, the Minutes of the May 18, 2023 Regular Meeting were approved.

FINANCIAL MATTERS

Claims: Ms. Curtis reviewed with the Board the payment of claims as follows:

Fund	Period ending June 15, 2023
General	\$ 6,596.73
Debt Service	\$ -0-
Capital	\$ 82,165.50
Enterprise	\$ 92,808.43
Total Claims	\$ 181,570.66

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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. 41: The Board reviewed Cost Verification Report No. 41 dated June 9, 2023, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$3,212.92.

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. 41 dated June 9, 2023, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$3,212.92. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 19 under the Series 2021(3) Bonds in the amount of \$3,212.92 for verified costs.

First Amendment to Resolution No. 2023-01-01, Resolution to Adopt Updated Schedule of Fees and Charges: The Board reviewed the First Amendment to Resolution No. 2023-01-01, Resolution to Adopt Updated Schedule of Fees and Charges.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified adoption of the First Amendment to Resolution No. 2023-01-01, Resolution to Adopt Updated Schedule of Fees and Charges.

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: Director J. Marshall and Mr. Kirst provided an update.

Cost Increase Notice from LGI Homes – Colorado, LLC (“LGI”), dated June 2, 2023, in connection with the Step-In Rights Agreement between the District and LGI, dated December 17, 2021: Attorney McGeady reviewed with the Board the Cost Increase Notice from LGI, dated June 2, 2023 in connection with the Step-In Rights Agreement between the District and LGI, dated December 17, 2021.

CAPITAL IMPROVEMENT MATTERS

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

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

Wastewater Treatment Improvements and Impact on Tap Fees: The Board entered into discussion regarding pending changes to Environmental Protection Agency (“EPA”) regulations that would require significant wastewater treatment improvements. Director J. Marshall noted that any significant improvements to the wastewater treatment facility may require the utilization of tap fees from future lots, or the issuance of additional bonds.

OPERATIONS & MAINTENANCE

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

Electrical Panel Replacements: Mr. Ramey reported to the Board the main electrical panel for the Wastewater Treatment Plant was damaged by a recent lightning strike. He noted the panel has been compromised and should be replaced as soon as possible. Mr. Ramey reviewed replacement options provided by Sun Valley Contractors, LLC and Basil Electric Incorporated.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board authorized Mr. Ramey to proceed with the expedited replacement proposal from Sun Valley Contractors, LLC for the electric panel and conductors, in an amount not to exceed \$150,000. The Board further directed the District Manager to contact the District’s insurance carrier regarding a damage claim.

Service Agreement between CTL/Thompson, Inc. and the District for Construction Observation and Material Testing: The Board reviewed the Service Agreement between CTL/Thompson, Inc. and the District for Construction Observation and Material Testing.

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 Service Agreement between CTL/Thompson, Inc. and the District for Construction Observation and Material Testing.

Contract Modification 1R2 to the Service Agreement between CTL/Thompson, Inc. and the District for Construction Observation and Material Testing: The Board reviewed Contract Modification 1R2 to the Service Agreement between CTL/Thompson, Inc. and the District for Construction Observation and Material Testing.

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Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of Contract Modification 1R2 to the Service Agreement between CTL/Thompson, Inc. and the District for Construction Observation and Material Testing, in the amount of \$33,435.

Rescission of approval of Master Service Agreement for Water Treatment Plant Maintenance Services (and Task Order Nos. 1 and 2 to same) approval of re-titled Master Service Agreement for Generator Maintenance Services (and Task Order Nos. 1 and 2 to same): It was noted that the previously-approved Master Service Agreement (and Task Order Nos. 1 and 2 to same) between the District and Generator Source, LLC has now been re-titled to better reflect the scope of work of the agreement..

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board rescinded its prior approval of the Master Service Agreement for Water Treatment Plant Maintenance Services (and Task Order Nos. 1 and 2 to same) between the District and Generator Source, LLC, and ratified approval of the re-titled Master Service Agreement for Generator Maintenance Services (and Task Order Nos. 1 and 2 to same) between the District and Generator Source, LLC.

Water Meter Replacements and Transmitter Conversion: Mr. Beckman reviewed a quote from Badger Meter to upgrade the meter transmitters from “remote read” technology to “cellular data” technology. He advised the Board that Badger Meter has conducted a survey of the property and has confirmed that there is sufficient cellular data coverage for this purpose. He reviewed the updated quote from Badger Meter which includes the parts necessary to enable the meters to utilize cellular data transmission in the amount of \$176,011.00.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the purchase of the cellular data transmitters and parts quoted by Badger Meter in the amount of \$176,011.00.

OTHER BUSINESS

There was no other business.

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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,

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By *AJ Beckman*
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Secretary for the Meeting