

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 AUGUST 17, 2023

A Regular Meeting of the Board of Directors (the "District Board") of the Spring Valley Metropolitan District No. 1 (the "District") and the Board of Directors of the Spring Valley Metropolitan District No. 1 Water and Sewer Activity Enterprise (the "Enterprise," and collectively with the District Board, the "Board"), was convened on Thursday, August 17, 2023, at 4:00 p.m. via Zoom video/telephone conference. The meeting was open to the public.

ATTENDANCE

Directors Present:

James E. Marshall
Shelley Marshall
Holly D. Robinson

Also Present:

AJ Beckman; Public Alliance, LLC

MaryAnn McGeady, Esq. (for a portion of the meeting), Jay Morse, Esq., and Craig Sorensen; McGeady Becher P.C.

Cheri Curtis; Marchetti & Weaver, LLC

CJ Kirst; Tahoe Consulting, LLC

Mike Murphy; Ramey Environmental Compliance, Inc.

Leigh Lutz; Member of the Public

PUBLIC COMMENTS

Mr. Lutz expressed interest in serving on the Board of Directors. He advised the Board that he has experience with Special Districts, working in public finance prior to retiring.

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 Morse 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 Regular Meeting.

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

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 Board meeting.

Following discussion, upon motion duly made by Director S. 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 July 26, 2023, Special Meeting.

Following discussion, upon motion duly made by Director Robinson, seconded by Director S. Marshall and, upon vote, unanimously carried, the Minutes of the July 26, 2023, Special Meeting were approved.

FINANCIAL MATTERS

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

Fund	Period ending August 17, 2023
General	\$ 6,869.53
Debt Service	\$ -0-
Capital	\$ 984,090.53
Enterprise	\$ 91,953.97
Total Claims	\$ 1,082,914.03

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Following discussion, upon motion duly made by Director Robinson, 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. 43: The Board reviewed Cost Verification Report No. 43 dated August 11, 2023, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$980,090.54.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board approved Cost Verification Report No. 43 dated August 11, 2023, prepared by Schedio Group, LLC, verifying the costs associated with the design and construction of public improvements in the amount of \$980,090.54. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 13 (Restated) under the Series 2021(3) Bonds in the amount of \$984,090.54.

2022 Audit: Ms. Curtis reported to the Board the draft 2022 Audit has not yet been received from the Auditor. No action was taken by the Board.

Service Agreement for Monthly Utility Billing Services between the District and American Conservation and Billing Solutions, Inc. ("AmCoBi"): The Board reviewed the Service Agreement for Monthly Utility Billing Services between the District and AmCoBi.

Following discussion, upon motion duly made by Director S. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the Service Agreement for Monthly Utility Billing Services between the District and AmCoBi, subject to final legal review.

Reimbursement to MG Land Investments, LLC: The Board entered into discussion regarding the reimbursement to MG Land Investments.

Following discussion, upon motion duly made by Director S. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of the reimbursement to MG Land Investments, LLC, in the amount of \$500,000 for verified public improvement costs, pursuant to Cost Verification Report No. 1 dated February 1, 2023, approved at the February 16, 2023, Board meeting.

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

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Metropolitan District No. 1: Director J. Marshall reported that negotiations are in process. No Executive Session was held.

Proposal/Contract for Purchase of Pump Station Equipment Between the District and The Gorman-Rupp Company: The Board entered into discussion regarding the Proposal/Contract for purchase of pump station equipment between the District and The Gorman-Rupp Company.

Following discussion, upon motion duly made by Director Robinson, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board ratified approval of the Proposal/Contract for purchase of pump station equipment between the District and The Gorman-Rupp Company, in the amount of \$158,523.00.

Installation Services to be Provided by Ramey Environmental Compliance, Inc., Including Construction of Above-Ground Pump Station Structure: The Board entered into discussion regarding related installation services to be provided by Ramey Environmental Compliance, Inc., including construction of an above-ground pump station structure. Mr. Murphy advised the Board that a proposal for the work will be forthcoming. Attorney Morse discussed covenants that may be in place regarding design guidelines. Director Marshall advised the Board that he is unaware of any covenants or applicable design guidelines, but he would nonetheless prefer that the appearance be consistent with the aesthetics of nearby structures.

Proposal for the Replacement of the Step-Down Transformer from Ramey Environmental Compliance, Inc.: The Board entered into discussion regarding the proposal for the replacement of the step-down transformer from Ramey Environmental Compliance, Inc.

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 proposal for the replacement of the step-down transformer from Ramey Environmental Compliance, Inc., in the amount of \$1,258.16.

Award of Construction Contract for Water Tank Project: The Board entered into discussion regarding awarding the construction contract for the Water Tank Project. Mr. Kirst reported that three contractors were involved in the pre-bid process, but that only one actually submitted a bid.

Mr. Kirst reviewed the bid from Great Plains Structures, LLC (“Great Plains”) for the for Water Tank Project, noting that Great Plains had submitted a revised bid for \$3,278,450 (original bid amount was \$3,327,000), and recommended the award of the contract to Great Plains.

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

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the award of the construction contract for the Water Tank Project to Great Plains in the amount of \$3,278,450, and authorized issuance of the Notice of Award and the Notice to Proceed.

Award of Construction Contract for Wastewater Reuse Pond Project: The Board entered into discussion regarding awarding the construction contract for the Wastewater Reuse Pond. Mr. Kirst advised the Board two bids were received and that Dan's Custom Construction, Inc. was the low bidder at \$950,000.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board approved the award of the construction contract for the Wastewater Reuse Pond Project to Dan's Custom Construction, Inc. in the amount of \$950,000, and authorized issuance of the Notice of Award and the Notice to Proceed.

Proposal/Contract for Purchase of Replacement Membranes for Wastewater Treatment Plant Between the District and ZENON Environmental Corporation, d/b/a Veolia: The Board entered into discussion regarding the Proposal/Contract for purchase of replacement membranes for wastewater treatment plant between the District and ZENON Environmental Corporation, d/b/a Veolia.

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 Proposal/Contract for purchase of replacement membranes for wastewater treatment plant between the District and ZENON Environmental Corporation, d/b/a Veolia.

CAPITAL IMPROVEMENT MATTERS

Report from Construction Committee: Mr. Kirst reported to the Board that River Highlands Loop and Calusa Pines Road construction is ongoing. He is working with CTL Thompson Inc. to complete concrete testing. The testing has created delays, but anticipates paving operations will resume in the next two weeks.

Adjustment to the Parameters of the Authority of the Construction Committee to Act: The Board deferred discussion.

Reserve Fees: The Board discussed increased costs that the District is experiencing and anticipating. Discussion ensued regarding potential increases to the road reserve fee and the water and sewer reserve fee.

OPERATIONS & MAINTENANCE

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

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Water Meter Replacements and Transmitter Conversion: Mr. Beckman updated the Board on the status of the water meter replacements and cellular transmitter conversion. The District has received the initial shipment of 100 cellular transmitters. Mr. Beckman advised the Board that he is planning to coordinate the replacement of meters at the same time to maximize labor efficiency. Mr. Beckman estimates the labor for meter and transmitter replacement to be approximately 1.4 hours per replacement for an estimate total labor cost of \$11,900.00 He then recommended that the Board authorize the purchase of 100 meters for an amount not to exceed \$7,727.00 to enable this effort.

Purchase of 100 Water Meters from Badger Meter, Inc.: Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board authorized the purchase of 100 water meters from Badger Meter, Inc., for an amount not to exceed \$7,727.00.

Order of Cellular End Points and Associated Equipment Placed with Badger Meter, Inc.: The Board reviewed an invoice for the order of cellular end points and associated equipment placed with Badger Meter, Inc.

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 order of cellular end points and associated equipment placed with Badger Meter, Inc., in the amount of \$160,627.84.

June Flooding Event and Damages to the Wastewater Treatment Facility: Mr. Beckman reported to the Board an insurance claim totaling \$222,906.33 has been submitted to the District's insurance carrier. After deductible and depreciation reductions, the District is anticipated to receive \$125,347.00.

Electrical Panel and conductors Replacements at the Wastewater Treatment Plant: Mr. Beckman reported to the Board an insurance claim totaling \$128,340 has been submitted to the District's insurance carrier.

Change Order No. 5 to the Service Agreement between the District and MTECH Mechanical Technologies Group, Inc., dated July 26, 2023, for Replacement of Control Board: The Board entered into discussion regarding rescinding approval of Change Order No. 5 to the Service Agreement between the District and MTECH Mechanical Technologies Group, Inc., *dated July 26, 2023*, for replacement of control board, due to an error in the change order numbering sequence.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director S. Marshall and, upon vote, unanimously carried, the Board rescinded approval of Change Order No. 5 to the Service Agreement between the District and

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MTECH Mechanical Technologies Group, Inc., *dated July 26, 2023*, for replacement of control board, in the amount of \$1,412.00.

Change Order No. 6 to the Service Agreement Between the District and MTECH Mechanical Technologies Group, Inc., dated July 26, 2023, for Replacement of Control Board: The Board entered into discussion regarding Change Order No. 6 to the Service Agreement between the District and MTECH Mechanical Technologies Group, Inc., *dated July 26, 2023*, for replacement of control board.

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 Change Order No. 6 to the Service Agreement between the District and MTECH Mechanical Technologies Group, Inc., *dated July 26, 2023*, for replacement of control board, in the amount of \$1,412.00.

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,

DocuSigned by:
By *AJ Beckman*
27EBD9C9E25A42B Secretary for the Meeting