

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 OCTOBER 19, 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, October 19, 2023, at 4:00 p.m. by Zoom video/telephone conference. The meeting was open to the public.

ATTENDANCE

Directors Present:

James E. Marshall
Shelley Marshall
Leigh Lutz

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

Also Present:

AJ Beckman; Public Alliance, LLC

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

Eric Weaver and Cheri Curtis; Marchetti & Weaver, LLC

CJ Kirst; Tahoe Consulting, LLC

Wayne Ramey; Ramey Environmental Compliance, Inc.

Bob Frachetti and Craig Matsuda; Aqua Engineering Consultants, LLC

PUBLIC COMMENTS

There were no public comments.

RECORD OF PROCEEDINGS

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 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 District's Regular Meeting.

Following discussion, upon motion duly made by Director S. Marshall, seconded by Director J. Marshall 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 J. 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 September 21, 2023, Regular Meeting.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Lutz and, upon vote, unanimously carried, the Minutes of the September 21, 2023, Regular Meeting were approved.

Annual Meeting: The Board discussed the new Annual Meeting requirement under Section 32-1-903(6), C.R.S. The Board determined an Annual Meeting is not required.

RECORD OF PROCEEDINGS

FINANCIAL MATTERS

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

| Fund | Period ending October 19, 2023 |
|---------------------|-----------------------------------|
| General | \$ 13,849.13 |
| Debt Service | \$ -0- |
| Utility Capital | \$ 272,423.00 |
| Capital | \$ 889,319.34 |
| Enterprise | \$ 74,908.58 |
| Total Claims | \$ 1,250,500.05 |

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

Cost Verification Report No. 45: The Board reviewed Cost Verification Report No. 45 dated October 13, 2023, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$888,238.39.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Lutz and, upon vote, unanimously carried, the Board approved Cost Verification Report No. 45 dated October 13, 2023, prepared by Schedio Group, LLC, verifying the costs associated with the design and construction of public improvements in the amount of \$888,238.39. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 15 (Restated) under the Series 2021(3) Bonds in the amount of \$888,238.39.

Unaudited Financial Statements and Schedule of Cash Position: Mr. Weaver reviewed with the Board the unaudited financial statements, dated September 30, 2023, and the schedule of cash position, dated September 30, 2023.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Lutz and, upon vote, unanimously carried, the Board accepted the unaudited financial statements, dated September 30, 2023, and the schedule of cash position, dated September 30, 2023.

2024 Budget: Mr. Weaver reviewed with the Board the draft 2024 Budget.

2023 Audit: Mr. Weaver discussed with the Board the proposals he received to perform the 2023 Audit.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Lutz and, upon vote, unanimously carried, the Board approved the engagement of Fiscal Focus Partners, LLC to perform the 2023 Audit, in the amount

RECORD OF PROCEEDINGS

of \$6,250.00.

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 Marshall provided a brief update and no Executive Session was held.

Schedio Group Report Regarding Road Reserve Fee Analysis (the “Report”): Director J. Marshall discussed the District’s need for an amendment to the Road Operations Reserve Fee. The Board noted that the Report assumes the Road Operations Reserve Fee would be recurring. The Board directed that the Report be updated in order to address payment of a one-time fee, as well as any additional revenue sources that may be available for road operations reserves. The Board determined to increase the Road Operations Reserve Fee as indicated in the Report until such time as the Report is updated as discussed.

Resolution No. 2023-10-01, Resolution to Amend Road Operations Reserve Fee: The Board entered into discussion regarding Resolution No. 2023-10-01, Resolution to Amend Road Operations Reserve Fee.

Following discussion, upon motion duly made by Director Lutz, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2023-10-01, Resolution to Amend Road Operations Reserve Fee.

Presentation by Aqua Engineering, LLC regarding Updated Sewer Capital Improvements Financial Plan: Mr. Frachetti and Mr. Matsuda provided a presentation on an updated Sewer Capital Improvements Financial Plan.

Resolution No. 2023-10-02, Resolution to Amend the Water and Sewer Operations Reserve Fee: The Board entered into discussion regarding Resolution No. 2023-10-02, Resolution to Amend the Water and Sewer Operations Reserve Fee, noting that an increase of the Fee to \$3,500.00.

Following discussion, upon motion duly made by Director Lutz, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board adopted Resolution No. 2023-10-02, Resolution to Amend the Water and Sewer Operations Reserve Fee.

Task Order No. 1 to the Master Service Agreement for On-Call Engineering Services between the District and Aqua Engineering, LLC for a Sewer Capital Improvements and Financial Plan Update: The Board reviewed Task Order No. 1 to the Master Service Agreement for On-Call Engineering Services between

RECORD OF PROCEEDINGS

the District and Aqua Engineering, LLC. for a Sewer Capital Improvements and Financial Plan Update, in the amount of \$15,000 (“Task Order No. 1”).

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

CAPITAL IMPROVEMENT MATTERS

Report from Construction Committee: Mr. Kirst reported to the Board that components for the installation of the new water tank will be shipped in April. He further reported that he expects the River Highlands Loop and Calusa Pines Road work to be substantially complete pending the resolution of punch list items. He noted Augusta Road is almost complete except for the golf cart crossing and the Reuse Pond work is in the final stages.

Wastewater Treatment Improvements and Impact on Tap Fees: A brief discussion was held.

OPERATIONS & MAINTENANCE

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

Water Meter Replacements and Transmitter Conversion: Mr. Beckman reported to the Board that he expects to receive 100 meters by the end of October and Public Alliance LLC will install approximately 60 meters by the end of the year.

June Flooding Event and Damages to the Wastewater Treatment Facility: Mr. Beckman provided an update to the Board on the June flooding event and damages to the Wastewater Treatment Facility.

Quote from Colorado Lawn and Landscaping Services LLC for Lawn Maintenance Services: The Board reviewed a quote from Colorado Lawn and Landscaping Services LLC for lawn maintenance services.

Following discussion, upon motion duly made by Director Lutz, seconded by Director J. Marshall and, upon vote, unanimously carried, the Board approved the quote from Colorado Lawn and Landscaping Services LLC for lawn maintenance services, in the amount of \$2,670.

OTHER BUSINESS

There was no other business.

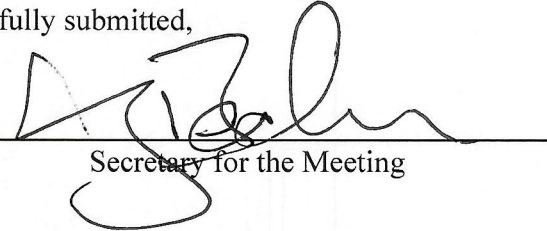
RECORD OF PROCEEDINGS

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

Respectfully submitted,

By



Secretary for the Meeting