

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 16, 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, November 16, 2023, at 4:00 p.m. by Zoom video/telephone conference. The meeting was open to the public.

ATTENDANCE

Directors Present:

James E. Marshall
Holly D. Robinson
Leigh Lutz

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

Also Present:

AJ Beckman; Public Alliance, LLC

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

Eric Weaver (for a portion of the meeting) and Cheri Curtis; Marchetti & Weaver, LLC

CJ Kirst; Tahoe Consulting, LLC

Mike Murphy and Dan Wolf; Ramey Environmental Compliance, Inc.

Brad; member of the public requesting to be identified only by first name.

PUBLIC COMMENTS

There were no public comments.

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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 Robinson, 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 Robinson, 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 October 19, 2023, Regular Meeting.

Following discussion, upon motion duly made by Director Lutz, seconded by Director J. Marshall and, upon vote, unanimously carried, the Minutes of the October 19, 2023, Regular Meeting were approved.

Resolution No. 2023-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices:

Mr. Beckman discussed with the Board Resolution No. 2023-11-01; Resolution Establishing Regular Meeting Dates, Time and Location, and Designating Location for Posting of 24-Hour Notices.

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

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board adopted Resolution No. 2023-11-01; 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 2024: Mr. Beckman discussed with the Board §32-1-809, C.R.S. reporting requirements and mode of eligible elector notification for 2024.

Following discussion, upon motion duly made by Director Robinson, seconded by Director Lutz 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.

Insurance Matters:

Cyber Security and Increased Crime Coverage: The Board entered into discussion regarding cyber security and increased crime coverage.

Following discussion, upon motion duly made by Director Robinson, seconded by Director Lutz and, upon vote, unanimously carried, the Board approved increased cyber security and crime coverage to \$250,000, for an additional premium of approximately \$800 per year.

Insurance Committee: The Board entered into discussion regarding establishing an Insurance Committee to make final determinations regarding insurance. Following discussion, the Board determined an Insurance Committee is not necessary.

Renewal of the District's Insurance and Special District Association ("SDA") Membership for 2024: The Board entered into discussion regarding the renewal of the District's insurance and SDA membership for 2024.

Following discussion, upon motion duly made by Director Robinson, seconded by Director Lutz and, upon vote, unanimously carried, the Board authorized the renewal of the District's insurance and SDA membership for 2024.

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FINANCIAL MATTERS

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

| Fund | Period ending November 16, 2023 |
|---------------------|------------------------------------|
| General | \$ 11,734.83 |
| Debt Service | \$ -0- |
| Utility Capital | \$ 109,929.46 |
| Capital | \$ 182,253.44 |
| Enterprise | \$ 105,520.01 |
| Total Claims | \$ 409,437.74 |

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

Cost Verification Report No. 46: The Board reviewed Cost Verification Report No. 46 dated November 10, 2023, prepared by Schedio Group, LLC, verifying costs associated with the design and construction of public improvements in the amount of \$182,275.84.

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. 46 dated November 10, 2023, prepared by Schedio Group, LLC, verifying the costs associated with the design and construction of public improvements in the amount of \$182,275.84. The Board further acknowledged Spring Valley Metropolitan District No. 6 Requisition No. 16 (Restated) under the Series 2021(3) Bonds in the amount of \$182,275.84.

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 Robinson 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.

Accounts Receivable Aging Report: Mr. Weaver reviewed with the Board the Accounts Receivable Aging Report, dated October 30, 2023.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board accepted the Accounts Receivable Aging Report, dated October 30, 2023.

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2023 Audit: The Board reviewed the proposal from Fiscal Focus Partners, LLC to prepare the 2023 Audit.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the engagement of Fiscal Focus Partners, LLC to prepare the 2023 Audit, for an amount not to exceed \$6,250.

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

It was noted that publication of Notice stating that the Board would consider the amendment 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 this public hearing. No public comments were received, and the public hearing was closed.

Following review and discussion, Director J. Marshall moved to adopt Resolution No. 2023-11-02 to Amend the 2023 Budget. Director Robinson seconded the motion and, upon vote, unanimously carried, the Board adopted Resolution No. 2023-11-02 to Amend the 2023 Budget.

2024 Budget Hearing: Director J. Marshall opened the public hearing to consider the proposed 2024 Budget and discuss related issues.

It was noted that publication of Notice stating that the Board would consider adoption of the 2024 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.

The Board addressed a question from Brad (member of the public) regarding taxes and mill levies.

No additional public comments were received, and the public hearing was closed.

Mr. Weaver reviewed the estimated year-end 2023 revenues and expenditures and the proposed 2024 revenues and expenditures. It was determined that no mill levy will be certified.

Following discussion, the Board considered the adoption of Resolution No. 2023-11-03; Resolution to Adopt the 2023 Budget and Appropriate Sums of Money and Resolution No. 2023-11-04 to Set Mill Levies. Upon motion duly made by Director J. Marshall, seconded by Director Robinson 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

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Certification of Assessed Valuation from the County on or before January 3, 2024. Mr. Beckman was authorized to transmit the Certification of Budget to the Division of Local Government not later than January 30, 2024.

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 Robinson, seconded by Director Lutz and, upon vote, unanimously carried, the Board authorized the District Accountant to prepare and sign the DLG-70 Mill Levy Certification form for certification to the Board of County Commissioners and other interested parties.

2025 Budget Preparation: The Board discussed preparation of the 2025 Budget.

Following discussion, upon motion duly made by Director Robinson, seconded by Director Lutz and, upon vote, unanimously carried, the Board appointed the District Accountant to prepare the 2025 Budget. The Board determined to hold the public hearing to consider adoption of the 2025 Budget on November 21, 2024 via Zoom.

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 provide a brief updated regarding the Litigation and potential settlement of same. No Executive Session was held.

Addendum to the Management Services Agreement with Public Alliance LLC for Management Services: The Board reviewed an Addendum to the Management Services Agreement with Public Alliance LLC for management services.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board approved the Addendum to the Management Services Agreement with Public Alliance LLC for management services.

Master Service Agreement for Maintenance and Repair Services Between the District and Sun Valley Contractors, LLC ("Sun Valley MSA"): The Board reviewed the Sun Valley MSA.

Following discussion, upon motion duly made by Director Robinson, seconded by Director Lutz and, upon vote, unanimously carried, the Board approved the Sun Valley MSA.

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Task Order No. 1 to the Sun Valley MSA for Troubleshooting and Repairs to Exhaust Fans: The Board reviewed Task Order No. 1 to the Sun Valley MSA for troubleshooting and repairs to exhaust fans.

Following discussion, upon motion duly made by Director Robinson, seconded by Director Lutz and, upon vote, unanimously carried, the Board approved Task Order No. 1 to the Sun Valley MSA for troubleshooting and repairs to exhaust fans, in the amount of \$7,113.00.

CAPITAL IMPROVEMENT MATTERS

Report from Construction Committee: Mr. Kirst and Mr. Marshall provided an update.

OPERATIONS & MAINTENANCE

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

Water Meter Replacements and Transmitter Conversion: Mr. Beckman reported that replacement meters are now available from Badger Meter. Discussion ensued regarding securing adequate inventory to continue execution of meter replacements and to stay abreast of new construction. Mr. Beckman suggested purchasing 300 water meters to be held in inventory.

Following discussion, upon motion duly made by Director J. Marshall, seconded by Director Robinson and, upon vote, unanimously carried, the Board authorized the purchase of 300 water meters.

Insurance Claims for Damage to Light Pole and Operation of Rental Equipment: Mr. Beckman reported a damage claim for the light pole in the amount of \$6,200 has been submitted to the insurance company. He noted that he still needs to compile the invoices for rental equipment and submit a claim.

Service Agreement for Snow Removal Services between the District and Consolidated Divisions Inc. d/b/a CDI Environmental Contractor: The Board reviewed a Service Agreement for Snow Removal Services between the District and Consolidated Divisions Inc. d/b/a CDI Environmental Contractor.

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 for Snow Removal Services between the District and Consolidated Divisions Inc. d/b/a CDI Environmental Contractor.

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Task Order No. 3 to the Generator Source, LLC Master Service Agreement, for the Replacement of 2100 Digital Display and Install Battery ground Cable:

The Board reviewed Task Order No. 3 to the Generator Source, LLC Master Service Agreement, for the replacement of 2100 digital display and install battery ground cable.

Following discussion, upon motion duly made by Director Lutz, seconded by Director Robinson and, upon vote, unanimously carried, the Board ratified approval of Task Order No. 3 to the Generator Source, LLC Master Service Agreement, for the replacement of 2100 digital display and install battery ground cable, in the amount of \$1,568.60.

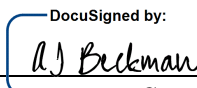
OTHER BUSINESS

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

Respectfully submitted,

By  _____
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Secretary for the Meeting