

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
SOUTHGATE SANITATION DISTRICT
ARAPAHOE AND DOUGLAS COUNTIES, COLORADO**

July 14, 2009

The Board of Directors of the Southgate Sanitation District, Arapahoe and Douglas Counties, Colorado, met in regular joint session with the Board of Directors of the Southgate Water District on Tuesday, July 14, 2009, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:00 p.m., by the President and Chairman, John J. Herbolich. These minutes reflect the proceedings of the Board of the Southgate Sanitation District.

Notice of the meeting was duly posted as required by law. The agenda for this meeting was posted at the District office more than 24 hours before the meeting convened. The purpose of the meeting was stated to be for consideration of any and all business that may come before the Board of Directors of the Southgate Sanitation District.

The following Directors were present:

David Bickham
John J. Herbolich
Terry Kirkpatrick
George J. MacDonald
Don E. Winslow

Also present were:

Duane Tinsley, Manager
Bill Diones, Resident
Thomas Mansfield, Operations Supervisor
Alphonso Nevarez, Operator

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Approval of Agenda:

Director Herbolich MOVED to approve the agenda as presented. Director MacDonald SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Public Comment:

Chairman Herbolich extended welcome to Mr. Diones and invited comment. Mr. Diones spoke of his residency within the District, his interest in learning more about the utility operation, and his desire to talk with staff regarding risk management (specifically a new insurance program for service line repairs).

Consent Matters:

Chairman Herbolich identified the items to be considered under "Consent Matters" and asked if any Director wished to pull any item for discussion. Director MacDonald noted that the level of investment remains high in the investment trusts and asked if they are being drawn down as previously discussed. Manager Tinsley indicated that the trusts are being drawn down as capital costs are incurred and the goal is to reduce the trust balances to an aggregate of \$1 million per District. There was clarifying discussion regarding several aspects of the monthly financial statements.

There being no further questions or discussion, Director MacDonald MOVED to approve the consent matters, consisting of:

1. Minutes June 9, 2009 - Regular
2. S09-06(A) Investments - June, 2009
3. S09-06(B) Financials - June, 2009
4. S09-06(C) Improvements Agreements: None.

Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Public Hearings/Scheduled Visits:

Southgate Operations (09-XX)

Operations Supervisor Mansfield briefed the Board regarding: 1) the mission and functions of the Operations group, 2) staffing matters (sufficiency, proficiency, training, cross-training, certification, functional lead persons, and performance), 3) the affirmative commitment to "curative" maintenance in the context of "preventative" maintenance activities (whereas the historic focus was on preventative maintenance and deferred response to curative needs), 4) current matters of interest (leak detection, intent to purchase leak detection equipment, odor control, and grease control), 5) appreciation for the geographic information system, and 6) progress on the work management system.

There was discussion of the extent of interaction and cooperation between the Operations group and the Engineering group. There was discussion of the frustrations resulting from the new work in right-of-way regulations implemented by the City of Centennial. It was agreed that the Centennial permitting issue would be further discussed at the August Board meeting. Supervisor Mansfield introduced Operator Nevarez with indication that: 1) both recently attended Water Environment Federation training on grease control and enforcement, 2) both are working with representatives of the BiCity Wastewater Treatment Plant as both agencies rebuild their grease enforcement programs, and 3) Operator Nevarez will have primary responsibility for grease enforcement in Southgate. Operator Nevarez spoke of the recent training, co-ordination with the BiCity representatives, and readiness to launch the reconstituted Southgate inspection/enforcement program.

Supervisor Mansfield shared several examples of operations work experiences and practices. Wide ranging discussion followed. There was detailed discussion of grease enforcement, odor control and leak detection/leak detection equipment.

The Directors expressed appreciation for Mr. Mansfield's briefing and committed opportunity for such visits in the future.

Supervisor Mansfield and Operator Nevarez departed at this point.

Engineering and Capital Projects:

Project Status Reports (08-05):

Manager Tinsley provided brief status reports on the following projects:

- 2006 Sewer Improvement Program - Willow Springs, Lone Tree Golf course (sewer), Furniture Row and Brook Valley construction has been completed; punch list items remain. Masters Park Trail concrete removal is pending, survey, regrading, site inspection, new concrete installation and landscape restoration are pending, (staff is pushing continuously). As to Masters Park: 1) the new concrete will run to the north end of the town homes, 2) the trail will then be asphalt around to the existing asphalt trail along the north side of the town homes, 3) the anticipated trail extension north to the back of curb at Lone Tree Parkway will not be constructed due to safety concerns and anticipation that a new extension will be constructed westerly to the new swimming pool, and 4) the westerly trail extension will not be part of Southgate's project. South Suburban Parks and Recreation is now designing that westerly extension and there has been discussion of limited financial participation given the desire of Southgate to use that extension for sewer maintenance access. The contractor is mobilizing to the Big Dry Creek Interceptor (BDCI) rehabilitation. The contractor has been directed to complete all punch list items, Masters Park Trail and BDCI before initiating work at the Willow Creek, Orchard Road/Verona,

Crestline or Preserve sites. Contractor finances and reduced responsiveness was discussed.

- Geographic Information System - Phase III - GIS is up and running. Data entry by staff continues with good progress. City Works (work management) is in the testing phase and operational launch is expected within the next several weeks. The effort will then turn to full implementation of field accessibility.

Bill Diones departed at this point.

Engineering - Special Reports: Nothing further.

Recess:

Director MacDonald MOVED to recess at 6:00 p.m. Director Herbolich SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

The meeting was reconvened at 6:45 p.m.

Administrative:

Surplus Property (07-14):

District Manager Tinsley reported that the City of Greenwood Village has accepted the District's counter offer (\$5,000) regarding the sale of the surplus property at Greenwood Hills. He presented and recommended approval of a Quit Claim deed prepared by the District's Legal Counsel. Director MacDonald MOVED to approve the Quit Claim Deed as submitted. Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

"Closing" procedures were discussed.

Cash Receipts and Expenditures (09-06-D):

The Board reviewed and discussed the cash receipts and expenditures for June, 2009. Director Winslow MOVED to approve the expenditures in the amount of \$322,895.18 as set forth in the disbursement schedule attached hereto. Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Organizational Assessment (09-10):

Chairman Herbolich reported on the efforts of the Organizational Assessment/Compensation Sub-committee (consisting of Directors Herbolich and Kirkpatrick) including: 1) solicitation of consultant proposals, 2) review of responses with

the Board as a whole (at the June Board meeting) where a short list was selected and the Sub-committee authorized to interview and engage as determined, 3) interview with SBC Associates and Redoak Consulting, and 4) engagement of SBC Associates. Sub-committee members Herbolich and Kirkpatrick briefly reviewed their reactions through the interview process, critical evaluation of the comparative consultant staffing and approach to work, and critical evaluation of the comparative costs. There was discussion of the final scope of services. It was recommended that the Board ratify the engagement of SBC Associates.

Director MacDonald MOVED to ratify the actions of the Organizational Assessment/Compensation Sub-committee in the engagement of SBC Associates in the amount of \$25,000 (costs to be shared equally between the Southgate Water District and the Southgate Sanitation District) for the conduct of an organizational assessment and compensation study in conformance with the final scope of services. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

The Board commended the efforts and actions of the Sub-committee. There was brief discussion of the Manager's effort to provide background materials to the consultant and of the probable time frame for commencement of the consultant's work.

Easement Releases (09-12)

Manager Tinsley reported that:

- 1) '06 Sewer Program CIP #2 - Willow Springs location - new easements were acquired, improvements have been completed, and old sewer abandoned. It is now time to release portions of the old sewer easement(s).
- 2) '06 Sewer Program CIP #4 - Furniture Row location - new easements were acquired, improvements have been completed, and old sewer abandoned. It is now time to release a portion of the old sewer easement.
- 3) '06 Sewer Program CIP #5 - Lone Tree Golf Course location - new easements were acquired, sewer improvements have been completed, and old sewer abandoned. It is now time to release a portion of the old sewer easement.
- 4) River Point Redevelopment - Big Dry Creek Interceptor - through the site redevelopment a portion of the Big Dry Creek Interceptor had to be relocated. New easements were acquired, sewer improvements have been completed, and old sewer abandoned.

He directed the Board's attention to the release documents in the packet and recommended approval.

Director MacDonald MOVED to approve the release of easements as submitted. Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Administrative - Special Reports: Nothing additional.

Legal - Special Reports: Nothing additional.

Finance - Special Reports:

The Board's attention was directed to the Auditor's monthly letter in the packet.

Board:

Directors - Special Reports:

Chairman Herbolich advised of attendance by himself, Director Kirkpatrick, Director MacDonald and Manager Tinsley at the Special Districts workshop on special districts finances. There were no significant observations or findings to report.

Chairman Herbolich advised of attendance by himself, Director Kirkpatrick and Manager Tinsley at the American Water Works Association conference and exposition. Brief conference reports were provided by the attendees. Chairman Herbolich spoke highly of the Public Official Certification program and reference materials available through the Association, (with particular reference to a publication entitled "Water Basics for Decision Makers"). It was agreed that a supply of the Water Basics publication be purchased and made available to the Directors. There was encouragement for participation in the Public Official Certification program. There was suggestion that newly elected directors would benefit from attendance at the Association conference in the first year following their election.

Training:

Directors Bickham, MacDonald and Winslow have committed to attend the Water Environment Federation conference in October.

Given the fact that the Federation conference is the same week as the normally scheduled Board meeting, and that a quorum will not be available, there was discussion of the need to reschedule the October Board meeting and issue notice. It was agreed that rescheduling would be determined at the August Board meeting.

Adjournment:

There being no further business to come before the Board of Directors, Director MacDonald MOVED to adjourn the meeting. Director Kirkpatrick SECONDED the motion. By UNANIMOUS vote the meeting was adjourned at 8:08 p.m.

Director

President & Chairman

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Director

Director

Director