

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

September 8, 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, September 8, 2009, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:01 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, District Manager
Konad Krori, Engineering Manager
Alan Pogue, Attorney for the Centennial 360 Metropolitan District

District Manager Tinsley introduced Mr. Krori as the District's new Engineering Manager and provided a brief description of his education, experience, credentials and duties for Southgate.

Approval of Agenda:

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

Public Comment:

No public comment was offered.

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. With regard to the draft minutes of the August 11, 2009 Board meeting there was request for further clarification of the proposed changes to the pension plan eligibility and plan entry provisions; and the status of same. Discussion followed. With regard to the City of Centennial right-of-way permitting and fees issues noted in the August meeting minutes there was question of the time frame for resolution of such issues. District Manager Tinsley advised that there are on-going discussions and incremental improvements have been achieved; but that there is no specific deadline or target date. It was the consensus of the Board that the District Manager communicate their concerns to Centennial Council Person Sue Bosier. Manager Tinsley suggested that questions regarding the financial statements be held for discussion in the context of the 2009 Budget Projection (below).

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

1. Minutes August 11, 2009 - Regular
2. S09-06(A) Investments - August, 2009
3. S09-06(B) Financials - August, 2009
4. S09-06(C) Improvements Agreements: None.

Director Bickham 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:

Centennial 360 Metropolitan District - Overlap (09-15)

District Manager Tinsley reported that the developers of land lying to the southeast

of Peakview Avenue and South Syracuse Way, have worked with the City of Centennial to form the Centennial 360 Metropolitan District. The Metropolitan District will be responsible for funding, design and construction of public and community improvements, (including potable water and sanitary sewer facilities), to serve the property. The Metropolitan District will not be responsible for operation and maintenance of the constructed facilities. The service plan of the Metropolitan District expressly states that water and sanitary sewer facilities within the boundaries of the Southgate Districts will be conveyed to the appropriate

Southgate District. Section 32-1-107(2) of the Colorado Revised Statutes "prohibits the formation of a Title 32 special district that will provide the same or duplicative services" as those provided by an existing district.

As with similar metropolitan districts elsewhere in Southgate, there has been coordination with the new district organizer and negotiation of water and sewer intergovernmental agreements to ensure that the services and activities of the new districts do not conflict with Southgate Water or Southgate Sanitation. Legal Counsel Lyons has reviewed all materials; including the service plan, the proposed intergovernmental agreements, and the proposed resolutions of consent. He has reported that the agreements and consent resolutions are good as to form and content; and that the "Districts are adequately protected."

It was recommended that the Board approve Resolution No. 2009-02 and the incorporated Intergovernmental Agreement.

Mr. Pogue confirmed the proposal and understandings as presented by the District Manager. He indicated that the essence of the proposal is to create a funding entity to construct facilities that will then be conveyed to Southgate. Mr. Pogue briefly discussed the land use anticipated for the property and the uncertainty of timing on the development.

Director Kirkpatrick MOVED to approve and execute Resolution No. 2009-02 and the incorporated Intergovernmental Agreement. Director MacDonald SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Mr. Pogue expressed appreciation for staff support and Board approval. He departed at this point.

Engineering and Capital Projects:

Project Status Reports (08-05):

District Manager Tinsley provided brief status reports on the following projects:

- 2006 Sewer Improvement Program - The Board's attention was directed to the status report in the meeting packet. The contractor (Twin Peaks) has not abandoned the project and has in fact affirmed his commitment to completion of the work. Work is

progressing but at a painfully slow pace. Efforts to establish and adhere to deadlines have been unsuccessful due to the contractor's problems with vendors and sub-contractors and due to jurisdictional permitting and work scheduling complications.

- Masters Park Trail - The trail is complete and landscape restoration is underway. The back charge to the South Suburban Parks and Recreation District will be sent upon completion of the landscape restoration. Director Herbolich called for a date specific for removal of the sedimentation control fencing.
- Willow Creek Project Element and South Suburban Trail - The work will consist of a combination of open trench and trench less sewer improvements. A stretch of asphalt trail will be affected by the work and will be restored in-kind (no widening or change of materials).
- Geographic Information System - Phase III - The Board's attention was directed to the status report in the meeting packet. The Phase III geographical information system work is complete and operational. The Phase III work management system effort is to the point that it is operational within the District offices, training continues, and "de-bugging" continues. Staff will coordinate to implement the field accessibility computers before the end of 2009. The Manager has had several discussions with the project consultant (Woolpert) regarding a scope of service and budget figure for 2010 implementation of Phase IV (Asset Management).

Engineering - Special Reports: None.

Administrative:

2009 Budget - Forecast Year End (08-26):

As per Board direction at the August Board meeting, District Manager Tinsley presented and discussed a forecast of revenues and expenditures through the end of the year. In following discussion there was focused examination of a number of the revenue, operational expense, and capital expense line items; and the District Manager's assumption for each.

There was discussion of formal adoption of the revised budget numbers and of the Statutory requirements for such budget revision. Because of the timing in the year and the Statutory requirement for public hearing it was recommended that a formal budget revision not be pursued, but that the District Manager administer the 2009 budget in conformity with the revised numbers.

There was direction that the District Manager, in his preparation of the 2010 budget, tighten the numbers in all possible ways for maximum predictability and reliability.

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

The Board reviewed and discussed the cash receipts and expenditures for August, 2009. Director Herbolich asked about the payments to the Lincoln Station Metro District and to Foxridge VIII. The District Manager advised that the Metro District and Foxridge were responsible for sewer line improvements and each made a cash deposit to satisfy the warranty/surety requirements through the probationary period as required by the Improvements Agreement. The probationary period has been completed and the improvements have been accepted for District operation and maintenance. The payments are refunds of the warranty deposits. Director Herbolich asked about the payment to Bates Engineering. The District Manager reported that Bates is inspecting the District's aerial crossings and making recommendation as to the sufficiency of the protective cutoff walls associated with those aerial crossings. The budget includes funding for this work. Director Herbolich asked about the payment to Old Castle Precast. The District Manager advised that Old Castle is a provider of manhole base sections, barrel sections, cones, adjustment rings and covers.

Director Winslow MOVED to approve the expenditures in the amount of \$195,719.09 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.

Release of Easement (09-12):

District Manager Tinsley reported that, as part of the 2006 Sewer Program, new easement was acquired to realign the sewer through the Denver Water Highline Canal Maintenance Yard. That realignment allowed the elimination of a portion of sewer in the back yard of a single family residence. The new sewer line is complete and the old sewer has been properly abandoned. It is now time to release a portion of the old sewer easement.

A partial release of easement document was presented and approval was recommended.

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

2010 Election (09-19):

District Manager Tinsley advised that it is time to begin thinking ahead to the 2010 election. He suggested that there be discussion of: 1) alternative polling place for the Arapahoe County electors, 2) pros and cons of a polling place election versus a mail ballot election, and 3) pros and cons of engaging consultant services for the conduct of the

election. To facilitate that discussion he directed the Board's attention to a services proposal from Sue Blair of Community Resource Services.

As to the Arapahoe County polling place there was discussion of low voter turn out as compared to the Douglas County polling place. It has been argued that the difference in turn out is a function of Southgate only voting in Arapahoe (at the Southgate offices) and multiple jurisdiction voting in Douglas. Following discussion it was the consensus of the Board that the District Manager consult with other's to determine if there is opportunity for joint polling in Arapahoe, and if such is not found that the voting be conducted at the Southgate offices.

As to polling place vs. mail ballot and consultant services there was extended discussion. It was the consensus that the 2010 election be conducted by polling place and that consultant services are not warranted.

Investment Policy Update (09-20):

District Manager Tinsley reported that at the August meeting the Investments Manager, (Neil Waud, MBIA), presented suggested "house keeping" amendments to the Districts' Investment Policies. Favorable consideration was recommended. The Board directed that the revised policy be considered at the September meeting.

The District Manager and the Attorney have reviewed the proposed updates with no adverse findings. The revised policies are now ready for Board action.

Director MacDonald MOVED to approve and execute the updated investment policy. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Administrative - Special Reports:

With the ability to rely on the District Manager's weekly E-mail briefs for awareness of up-coming events, it was the consensus of the Board that the District Manager delete the monthly calendar from future Board packets.

Legal - Special Reports: None.

Finance - Special Reports:

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

Board:

Directors - Special Reports: None.

Training:

The District Manager distributed housing and conference confirmation materials to the Special Districts Association conference attendees, (Bickham, Herbolich, Kirkpatrick, MacDonald and Winslow).

The District Manager distributed housing and conference confirmation materials to the Water Environment Federation conference attendees, (Bickham, MacDonald and Winslow).

The Directors reviewed the schedule of up-coming training and conferences. The District Manager made note of expressions of interest.

Engineering Manager:

Chairman Herbolich invited Engineering Manager Krori to further discuss his education, professional experiences, career aspirations, and reasons for interest in Southgate employment. Engineering Manager Krori obliged in detail.

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 6:08 p.m.

Director

President & Chairman

Director

Director

Director