

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

**September 8, 2009**

The Board of Directors of the Southgate Water District, Arapahoe and Douglas Counties, Colorado, met in regular joint session with the Board of Directors of the Southgate Sanitation 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 Water 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 Water 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 Directors that the District Manager communicate their concerns to Centennial Council Person Sue Bosier. With regard to the reference in the August minutes to Valve/Fire Hydrant/Blowoff Replacement Program litigation, Director Kirkpatrick suggested that the name of the contractor (Mile High Construction) be inserted into the minutes. Manager Tinsley suggested that questions regarding the financial statements be held for discussion in the context of the 2009 Budget Projection (below). Director Kirkpatrick noted that the water service charge scheduled for 2010 will be subject to the timing of implementation through Denver Water. He asked about the timing and probable fiscal impact. District Manager Tinsley reported that the timing is still not determined but that he is anticipating implementation by mid-2010 and will put 50% of the anticipated revenue in the 2010 budget, ( $\$93,000 \times 50\% = \$46,500$ ). Director Herbolich asked about the status of the participation payment to Lone Tree for Lincoln Avenue re-pavement. District Manager Tinsley reported that the payment, (budgeted at \$50,000 but payable in the amount of \$31,803.72), is in the accounts payable for this meeting. It is anticipated that the District will have no further responsibility or involvement in this matter.

There being no further questions or discussion, Director MacDonald MOVED to

approve the consent matters, consisting of:

1. Minutes August 11, 2009 - Regular
2. W09-06(A) Investments - August, 2009
3. W09-06(B) Financials - August, 2009
4. W09-06(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:

- County Line & S. Yosemite Waterline & Valve Replacement - The Board's attention was directed to the status report in the meeting packet. The contractor (Twin Peaks) has completed the water line improvements and abandonment of the old facilities. Upon satisfactory completion of bacteriological testing the line will be operational. The contractor is working to resolve punch list items in the City of Centennial portion of the intersection. Staff will coordinate with the City of Lone Tree regarding the repaving of the Lone Tree portion of the intersection and payment of the previously discussed Southgate participation in such repaving.
- Mile High Litigation - There was brief discussion of the status and strategies for this litigation.
- 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 payment to the Lincoln Station Metro District. The District Manager advised that the Metro District was responsible for water line improvements and 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 payment is a refund of the warranty deposit. 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 if the payment to Sue Paul satisfies the District's restoration responsibilities regarding damage to her property resulting from with the Timber Line/Lodge Pole water break. The District Manager responded in the affirmative.

Director Winslow MOVED to approve the expenditures in the amount of \$227,431.46 as set forth in the disbursement schedule attached hereto. Director MacDonald 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:**

Director Kirkpatrick asked if there has been any movement regarding the Greenwood Plaza inclusion proposal. District Manager Tinsley reported that the Board's concerns and expectations were communicated to the Greenwood Plaza and Southgate attorneys. Greenwood Plaza, Southgate and Denver Water representatives have worked on the hydraulic studies, but there has been no apparent progress on the inclusion procedure and other technical matters.

**Training:**

The District Manager distributed housing and conference confirmation materials to

the Special Districts Association conference attendees, (Bickham, Herbolich, Kirkpatrick, 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.

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Director

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President & Chairman

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