

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

November 10, 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, November 10, 2009, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:06 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
Michael Smith, SBC Associates (arrived at 4:20 p.m.)

Public Hearings/Scheduled Visits:

2010 Budget (09-21):

Chairman Herbolich opened the public hearing at 4:15 p.m. for purposes of taking public and Director comment on the proposed 2010 budget.

District Manager Tinsley advised that the budget presented for hearing is the same as the draft presented to the Board in October. He briefly reviewed the sources and uses of funds as proposed through the 2010 budgets. Particular attention was given to the proposed capital improvement programs. Discussion and clarification occurred at various points.

District Manager Tinsley advised that notice was given for conduct of the public hearing and that the draft budget was posted for public review. He reported that no public comment or objection had been received relative to the proposed budget.

Manager Tinsley closed with indication that the County Assessors have until December 10, 2009 to notify the District of final adjustments in the assessed valuation, (but usually sooner) and that revised Tabor calculations/budget adjustments may be necessary. District mill levy resolutions are due to the counties on or before December 15, 2009. He suggested that the Board plan to act on the budget at its regular meeting on December 8, 2009, (unless a special meeting is necessary to deal with the timing of receipt of the final assessed valuations).

Chairman Herbolich called for public comment. There was no written or verbal comment from the public.

Director Kirkpatrick asked for clarification in the engineering line items relative to "Backup Plan Review/Inspection". District Manager Tinsley reported that the allowance was established during high growth years to allow work in excess of staff capacity to be assigned to a consulting engineer (Nolte Engineering). The dependence on those services has declined with the slowing of the economy but has not been entirely eliminated. Backup services have proven to be necessary during personnel transitions and to fill the function during staff vacations (particularly with regard to the Field Inspector). Director Herbolich asked for clarification of the "APWA Membership" allowance. District Manager Tinsley reported that such reference relates to the District participation in the American Public Works Association.

Finding no further comment, Chairman Herbolich closed the hearing at 4:20 p.m.

Director MacDonald MOVED to table the budget to the December 8, 2009 meeting for final adjustment and for adoption, (with the understanding that a special meeting may be necessary as discussed above). Director Kirkpatrick SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Mr. Smith arrived at this point.

Organizational Assessment (09-10):

Chairman Herbolich reported that one of the most significant recommendations in the recently completed Organizational Assessment was “review and update of the Strategic Plan”. To that end Mr. Smith (SBC Associates) was invited to submit a proposal for consulting support and facilitation in the review and update. He then invited Mr. Smith to discuss the proposal.

Mr. Smith distributed copies of the services proposal and discussed the overall approach to strategic planning, (moving from situational themes to targets and responsibilities). He discussed the scope of work in detail. There will be facilitated focus on the “alternative futures” and the selection of a “preferred future” as the strategic vision. Fundamentally, what is the vision for the future, has the corporate mission changed, what are the corporate values, and what are the key goals. There will be considerable focus on putting “teeth” into the plan, to ensure affirmative action on the plan. The “teeth” will include: 1) what is to be done, 2) who will do it, and 3) what is the time frame for getting it completed. He advised that the consultant fees would be fixed at \$48,000.

There was discussion of the time frame for the work and the Board's desire to complete the project before the May, 2010 directors election. Mr. Smith indicated that the work could be commenced in February and the work compressed to meet the targeted completion.

Following brief discussion of the methodology and the fees, it was the consensus of the Board that the proposal be taken under advisement and further considered at the December Board meeting.

Mr. Smith departed at this point.

2010 budget sufficiency was briefly discussed.

Engineering and Capital Projects:

Project Status Reports (08-05):

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

- County Line & S. Yosemite Waterline & Valve Replacement - The work is complete and the consultant is in the process of closing out the contract via publication of notice of final settlement.
- Geographic Information System - Phase III - With the exception of several small tasks, Phase III is complete and attention is now turning to Phase IV Asset Management.

Engineering - Special Reports: None.

Administrative:

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

The Board reviewed and discussed the cash receipts and expenditures for October, 2009. Following brief discussion of the C&L repair services, Director MacDonald MOVED to approve the expenditures in the amount of \$241,844.53 as set forth in the disbursement schedule attached hereto. 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: Nothing further.

Legal - Special Reports: None.

Finance - Special Reports:

The Directors' attention was directed to the Auditor's monthly letter in the packet. District Manager Tinsley reported that procedural revisions have been instituted as recommended. Director MacDonald recommended that a letter be directed to the Auditor to express appreciation for his services and to affirm that the Board takes his monthly letters and recommendations seriously.

Board:

Directors - Special Reports: None.

Training:

There was brief review of upcoming training opportunities. Expressions of interest were noted. Director Herbolich spoke of the value of attendance at such sessions.

Recess:

Director Herbolich MOVED to recess at 6:37 p.m. Director MacDonald 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 7:04 p.m.

Executive Session:

Director Kirkpatrick MOVED and Director MacDonald SECONDED a motion to adjourn to executive session pursuant to 24-6-402(4)(f) of the Colorado Revised Statutes for purposes of discussing non-individual specific personnel matters; as to the Organizational Assessment consultant's findings and recommendations. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED. The Board adjourned to executive session at 7:05 p.m.

The Board reconvened in regular session at 8:38 p.m., at which time Chairman Herbolich announced that only matters pertaining to non-individual specific personnel matters had been discussed during the executive session.

The audio record (tape) of the Executive Session was delivered to the Secretary of the Board for safekeeping.

Adjournment:

There being no further business to come before the Board of Directors, Director Kirkpatrick MOVED to adjourn the meeting. Director MacDonald SECONDED the motion. By UNANIMOUS vote the meeting was adjourned at 8:39 p.m.

Director

President & Chairman

Director

Director

Director