

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

January 26, 2010

The Board of Directors of the Southgate Water District, Arapahoe and Douglas Counties, Colorado, met in special joint session with the Board of Directors of the Southgate Sanitation District on Tuesday, January 26, 2010, at the office of the District, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 1:31 p.m., by Vice-President Terry Kirkpatrick. 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 the purpose of for discussing matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators; and any business which may lawfully come before the Board of Directors.

The following Directors were present:

David Bickham
John J. Herbolich (arrived as noted below)
Terry Kirkpatrick
George J. MacDonald
Don E. Winslow

Also present were:

Duane Tinsley, District Manager
Richard Lyons, Legal Counsel

Approval of Agenda:

Director MacDonald MOVED to approve the agenda as presented. Director Winslow 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.

Executive Session:

Director MacDonald MOVED and Director Bickham SECONDED a motion to adjourn to executive session pursuant to Section 24-6-402(4)(e) of the Colorado Revised Statutes for purposes of discussing matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators. 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 1:32 p.m. Director Herbolich arrived at this point.

The Board reconvened in regular session at 4:37 p.m., at which time Chairman Herbolich announced that only matters pertaining to negotiations 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.

Director Winslow MOVED that the President of the District (John Herbolich) be given settlement authority, in the Mile High litigation, up to the limit described in the Executive Session. Director MacDonald SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

As to the update of the Strategic Plan, it was the consensus of the Board that:

A - The "future" of the Districts (upon which the Strategic Plan is based) will be:

- 1) Corporate – Legally distinct water and sanitation districts operating under intergovernmental agreement, (no change), to the extent of existing Southgate boundaries; plus in-fill within the Denver Water Combined Service Area. No significant expansions. No significant mergers/consolidations.
- 2) Services – Water and sanitary sewer, plus such additional water and sanitary sewer functions/programs as mandated by State or Federal or as determined to be necessary/appropriate, (no change). Maintain present level of services (LOS). No new services (i.e. drainage, parks and recreation, etc.).
- 3) Staffing – Current staff level plus consultant/contractor support as needed. Possible District Manager/District Engineer consolidation upon succession.
- 4) Fiscal – Continued conservative fiscal prudence with long term perspective.

B - All parties will review the current Strategic Plan and forward comments/suggestions to

the District Manager, who will then compile and forward to the Board as a whole.

Other Matters: None.

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 4:42 p.m.

Director

President & Chairman

Director

Director

Director