

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

**February 9, 2010**

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, February 9, 2010, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:02 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  
Christopher Sheffer, Candidate for District Engineer, (arrived as noted below)  
Dan Lowery, Citizen, (arrived as noted below)

Bert Bondi, Auditor, (was unable to attend as scheduled)

-3698-

**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.

**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. Manager Tinsley advised of the name change of the District's investments manager from MBIA to Cutwater Asset Management.

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

1. Minutes January 12 10, 2010 - Regular Meeting
2. Minutes January 26, 2010 - Special Meeting
3. W10-06(A) Investments - January, 2010
4. W10-06(B) Financials - January, 2010
5. W10-06(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:** None.

Christopher Sheffer arrived at this point and introductions were made.

**Executive Session:**

Director MacDonald MOVED and Director Kirkpatrick SECONDED a motion to adjourn to executive session pursuant to 24-6-402(4)(f) of the Colorado Revised Statutes for purposes of discussing personnel matters. 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 4:13 p.m.

The Board reconvened in regular session at 5:20 p.m., at which time Chairman Herbolich announced that only 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.

**Recess:**

Director Herbolich MOVED to recess at 5:21 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 5:50 p.m.

Director Winslow departed, (due to illness), at this point.

Mr. Lowery arrived at this point and introductions were made. Mr. Lowery expressed interest in the water and sewer services, wanted to learn more about the utilities and was interested in viewing a Directors' meeting. His professional experience is in environmental engineering.

**Engineering and Capital Projects:**

**Engineering Project Status (10-05A):**

District Manager Tinsley provided brief status reports on the following:

- County Line & S. Yosemite Waterline & Valve Replacement - The work is complete and Notification of Final Settlement is underway. There was brief discussion of the procedures and considerations associated with final settlement notice, vendor/sub-contractor claims, and release of retainage.

**Yosemite and County Line (09-08)**

District Manager Tinsley presented and reviewed a memorandum from Engineering Manager Krori, proposed Change Order No. 2 and the Balancing Change Order.

Change Order No. 2 relates to un-expectedly high permitting fees through the Cities of Lone Tree and Centennial. It was recommended that the Board approve Change Order No. 2 in the amount of \$5,000.00, bringing the contract amount to \$231,691.40.

The Balancing Change Order relates to final unit price quantities under the terms of the contract. It was recommended that the Board approve the Balancing Change Order in the amount of <\$17,730.00>, bringing the contract amount to \$213,961.40.

Following discussion, Director MacDonald MOVED to approve Change Order No. 2 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.

Director MacDonald MOVED to approve the Balancing Change Order 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.

**Administrative:**

**Administrative Project Status (10-05B):**

District Manager Tinsley provided brief status reports on the following:

- Greenwood Plaza Inclusion - The inclusion election was conducted and was successful at 9 votes in favor and 0 votes in opposition. The results have been properly tabulated and canvassed. The attorneys will now submit the documentation to the District Court with a motion for Order of Inclusion. Upon receipt of such order the proper notices will be delivered and the inclusion file closed. The effort is now shifting to new water main planning, old main documentation and conversion of the customers from Greenwood Plaza to Southgate. It anticipated that the customer conversion will be phased with initial emphasis on those easiest to convert and those who would most reduce the load on the Greenwood Plaza system during the coming summer.
- Mile High Construction Litigation - The court ordered mediation was successful. The settlement amount was \$49,000 and the settlement document will waive all further claims and disclaim all liabilities. Following exchange of the executed settlement document and conveyance of the \$49,000 the case will be closed at the District Court. Chairman Herbolich spoke highly of the defense work provided by Catherine Tallerico.
- "Get into Water" Workforce Initiative - The workforce implementation plan was finalized in January and the implementation grant was subsequently approved by the State. Steering Committee and Advisory Council implementation work will begin immediately. Discussion followed. Copies of the plan were distributed.

**Cash Receipts and Expenditures (10-06-D):**

The Board reviewed and discussed the cash receipts and expenditures for January, 2010. Director Herbolich noted that the payment to the Mile High mediator is in the amount of \$381.25 and that it was his understanding that the fee was twice the amount. Manager Tinsley reported that the insurance company paid one-half of the fee. Manager Tinsley directed the Board's attention to the payment to Gifford Stevens LLC and advised that such is the settlement payment in the Mile High case. The check will be held by Southgate's trial attorney until the settlement document is fully executed.

There being no further questions or discussion, Director Herbolich MOVED to approve the expenditures in the amount of \$318,907.04 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.

### Operations - Equipment Acquisition (10-03)

Manager Tinsley reported that the 2010 budgets provide funding as follows:

	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
- Replace/equip on-call truck	\$ 21,000	\$21,000	\$ 42,000
- Replace/Equip flatbed/crane truck	\$ 34,000	\$34,000	\$ 68,000
- Purchase Wachs valve maintenance trailer	\$ 50,000	\$ 0	\$ 50,000
- Total	\$105,000	\$55,000	\$160,000

The present on-call truck (2005 Ford 250, 3/4 ton) has 113,629 miles, has had recurring mechanical problems/high maintenance expenses and is considered to be unreliable. The present flatbed/crane truck (1999 Chev) has 46,045, has had recurring electrical problems/high maintenance expenses, has given poor reliability, and does not have sufficient suspension and motor strength for the current uses.

Operations developed equipment specifications and shopped for proposals. See attached memo from the Operations Supervisor. The replacement on-call truck will be a 3/4 ton chassis with utility box. The replacement flatbed/crane truck will be a 2 1/2 ton chassis with utility boxes, higher capacity crane, air compressor and generator. The valve maintenance trailer will have all necessary equipment (valve turner, vacuum, water jet, hydraulics) in one integrated package. The trade in quotes were not appealing but there is a private party willing to purchase the old on-call truck and flatbed truck for cash.

The Supervisor's recommendations were summarized as follows:

	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
- On-call - Purchase 2009 Ford 250, w/service body	\$ 18,963.96	\$18,963.96	\$ 37,927.92
- Flatbed/crane truck, equipped as specified, w/service body	\$ 41,105.65	\$41,105.64	\$ 82,211.29
- Purchase Wachs valve maintenance trailer	\$ 49,545.00	\$ 0.00	\$ 49,545.00
- Sell old on-call	<\$4,000.00>	<\$4,000.00>	<\$8,000.00>
- Sell old flatbed	<\$2,250.00>	<\$2,250.00>	<\$4,500.00>
- Total	\$103,364.61	\$53,819.60	\$157,184.21

It was recommended that the Board approve the purchases, and old vehicle sales, as recommended with costs and vehicle titles per the above distribution between the Water and Sanitation Districts.

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

### **Asset Management (10-07)**

Manager Tinsley presented a proposal from the District's Geographic Information System/Work Management System consultant (Woolpert) for implementation of the GIS Phase IV - Asset Management program. He briefly reviewed the proposal and the resulting fee, recommended sole source vendor selection (and described the rationale for such recommendation), and recommended award of the contract.

Following discussion, (during which the Board appeared to be comfortable with the sole source recommendation and the proposed fee), there was expression of Board: 1) desire to meet with the persons who will be directly responsible for the work, and 2) need to ensure that the consultant and the District are on the same page as to the project deliverables. Manager Tinsley will arrange for such visit.

It was the consensus of the Board that the matter be tabled to the March 9, 2010 Board meeting or such other date that a special Board meeting may be necessary.

Mr. Lowery departed at this point.

**Administrative - Special Reports:** None.

**Legal - Special Reports:** None.

### **Finance - Special Reports:**

The Board's attention was directed to the Auditor's monthly letter. The Auditor's annual interview will be rescheduled for the soonest available meeting, (possibly with the annual presentation of the prior year audit). Director MacDonald asked if everything has been posted to 2009 as required for the audit. Manager Tinsley reported that there are several open matters but all necessary postings will be complete by the scheduled commencement of final audit work for 2009.

### **Board:**

#### **Directors - Special Reports:**

Director MacDonald asked when the investments manager would next attend a Southgate meeting. Manager Tinsley reported that the visit is currently scheduled for August. Director MacDonald indicated that he has been closely following the trials and tribulations of several federal instrumentalities and that adverse findings will trigger a call for earlier visitation with the investments manager. The Board agreed.

Chairman Herbolich spoke of the status of the Strategic Plan update, Succession Plan, and the subsequent update of Board Goals. He called for discussion of how the above would be moved forward to completion. Following discussion, it was agreed that

Mike Smith be engaged on a limited basis to facilitate review and update of the Strategic Plan; and that a special meeting be scheduled for the latter part of March, 2010. Such meeting will be held at the Southgate offices.

**Training:**

There was no discussion on this topic.

**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 7:22 p.m.

\_\_\_\_\_  
Director

\_\_\_\_\_  
President & Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director