

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

May 11, 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, May 11, 2010, at the office of the Districts, 3722 East Orchard Road, Centennial, Colorado 80121. The meeting was called to order at 4:00 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, District Engineer (arrived as noted below)

Approval of Agenda:

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

Election Matters:

2010 Election Matters (09-26)

Chairman Herbolich commented upon the pressures of the election and concerns relative to future elections. He suggested that there be discussion at the June Board meeting regarding: 1) the 2010 experience and costs, and 2) strategies for 2012.

Designated Election Official Tinsley reported that the official election results are presented in the Board packet, and as follows:

Don E. Winslow	1,216	Elected - Four-Year Term
Terrence Dean Kirkpatrick	1,095	Elected - Four-Year Term
David Culberson	862	
Peter Gabel	768	

He recommended that the Board of Canvassers official election returns be accepted by motion and vote.

Chairman Herbolich then called for a motion and vote to accept the official election results. Director MacDonald MOVED and Director Bickham SECONDED a motion to accept the official election results. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Designated Election Official Tinsley confirmed that the requisite "bond" is in place, (\$1,000,000 via the Special Districts Pool insurance), to cover the new, as well as present, Directors. Chairman Herbolich administered the oath of office to Mr. Kirkpatrick and Mr. Winslow. Oath of Office forms were signed by each new Director. The new Directors took their seats and were welcomed.

The Board then turned to election of Board officers.

Director Winslow MOVED and Director Kirkpatrick SECONDED a motion to elect Director MacDonald as **Chairman Pro-tem** for the purposes of election of the President of the District and Chairman of the Board of Directors. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Chairman Pro-tem MacDonald called for nominations for the **President of the District and Chairman of the Board of Directors**. Director Bickham nominated Director MacDonald. Director Herbolich self-nominated. Chairman Pro-tem MacDonald asked if there were other nominations. There were none and the nominations were closed. The Directors cast paper ballots. There were three (3) ballots for Director MacDonald and two (2) ballots for Director Herbolich. Director MacDonald was declared to have been elected President of the District and Chairman of the Board of Directors. Director Herbolich spoke of the many Board/District accomplishments over the last two years and expressed hope that the next two can be as successful.

Chairman MacDonald called for nominations for the **Vice-President**. Director Herbolich nominated Director Kirkpatrick. Chairman MacDonald asked if there were other nominations. There were none and the nominations were closed. Director Kirkpatrick was declared to have been elected Vice-President by acclamation of the Board.

Chairman MacDonald called for nominations for the **Secretary of the Board**. Director Kirkpatrick nominated Director Bickham. Chairman MacDonald asked if there were other nominations. There were none and the nominations were closed. Director Bickham was declared to have been elected Secretary by acclamation of the Board.

Chairman MacDonald called for nominations for the **Treasurer**. Director Winslow nominated Director Herbolich. Chairman MacDonald asked if there were other nominations. There were none and the nominations were closed. Director Herbolich was declared to have been elected Treasurer by acclamation of the Board.

Chairman MacDonald called for nominations for the **Assistant Secretary**. Director Winslow self-nominated. Chairman MacDonald asked if there were other nominations. There were none and the nominations were closed. Director Winslow was declared to have been elected Assistant Secretary by acclamation of the Board.

Chairman MacDonald called for nominations for the **Assistant Treasurer**. Director Winslow self-nominated. Chairman MacDonald asked if there were other nominations. There were none and the nominations were closed. Director Winslow was declared to have been elected Assistant Treasurer by acclamation of the Board.

Director MacDonald MOVED and Director Winslow SECONDED a motion to elect Director Herbolich as the **Pension Trustee**. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED. By consensus of the Board, Manager Tinsley will continue to serve as Co-Trustee and Administrator for the Employee's Pension Plan.

(Engineer Sheffer arrived at this point)

Consent Matters:

Chairman MacDonald identified the items to be considered under "Consent Matters" and asked if any Director wished to pull any item for discussion. Director MacDonald spoke of the favorable movement in revenues. He then asked if there is any sign of improved yields in the investment portfolio. Manager Tinsley advised that any upward movement is "ever so slight". Discussion followed.

Director Herbolich MOVED to approve the consent matters, consisting of:

1. W10-06 (A) Investments - April, 2010
2. W10-06 (B) Financials - April, 2010
3. 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.

Engineering and Capital Projects:

Engineering Project Status (10-05A): None.

Engineering Team Report

The Directors' attention was directed to the "Engineering Team Report" in the packet. In that context there was discussion of the engineering team staffing, responsibilities and work efforts. There was extended discussion of the status of water system modeling and the extent to which we could rely on the modeling at the Denver Water Department. Significant development activities were discussed.

Director Herbolich expressed his pleasure at having Engineer Sheffer as part of the

Southgate team; and complimented him on his presentation and communication skills. The Board concurred.

Recess:

Director Winslow MOVED to recess at 6:07 p.m. Director Bickham 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 6:41 p.m.

Administrative:

Administrative Project Status (10-05B):

District Manager Tinsley provided a brief status report on the following:

- Asset Management - Project kickoff and rating criteria meetings have been conducted. Staff and consultant will review the GIS data for modeling adequacy and for identification of pilot areas for initial implementation of the modeling. Staff will work on useful life estimation and rating criteria. A follow up meeting will then be scheduled and "war room" application of the rating criteria will commence. There was discussion of the potential for the Asset Management model to calculate a current value for the assets for use in the financial statements as permitted by the Government Accounting Standards Board. To that end a meeting will be arranged with Auditor Bondi. Chairman MacDonald asked that he and Treasurer Herbolich be included in that meeting. Manager Tinsley responded in the affirmative.

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

The Board reviewed and discussed the cash receipts and expenditures for April, 2010. Director Kirkpatrick asked about C&L Water Solutions. Manager Tinsley advised that C&L does the emergency system repair work for the District. There being further questions or discussion, Director Herbolich MOVED to approve the expenditures in the amount of \$151,652.88 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.

Administrative - Special Reports:

Manager Tinsley spoke of the better than expected tap sales, year to date. He also reviewed the operations staff performance statistics.

Director MacDonald asked about staff reaction to the decisions associated with the annual renewal of the health and dental insurance. Manager Tinsley advised that staff was fully briefed and that there was no adverse reaction.

Legal - Special Reports: None.

Finance - Special Reports:

The Board's attention was directed to the Auditor's monthly letter. Director MacDonald asked for a report regarding the costs and plans for upgrade of the accounting software.

Board:

Strategic Plan Statement (09-25):

At the April meeting the Directors reviewed and amended the Strategic Plan developed in a workshop with assistance from Mike Smith. Such amended plan was presented for further consideration. Subject to a few final revisions, the plan was deemed to have been completed.

Directors - Special Reports: None.

Training:

There was review of upcoming training opportunities, scheduled attendance, and expressions of interest. Director Herbolich and Manager Tinsley spoke of the merits of Board and staff participation in the various associations and conferences.

Adjournment:

There being no further business to come before the Board of Directors, Director Kirkpatrick MOVED to adjourn the meeting. Director Herbolich SECONDED the motion. By UNANIMOUS vote the meeting was adjourned at 7:25 p.m.

Director

President & Chairman

Director

Director

Director