

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

January 8, 2008

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, January 8, 2008, 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, Ronald Cooper. 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:

Ronald Cooper
Terry Kirkpatrick
George J. MacDonald
Don E. Winslow

John J. Herbolich - Absent and Excused

Also present were:

Duane Tinsley, Manager
William Jennings, Engineer
Bert Bondi, Auditor
Norbert Frueh, Guest

-3490-

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 Cooper identified the items to be considered under "Consent Matters" and asked if any Director wished to pull any item for discussion. Manager Tinsley briefly discussed the problems the Accountant has had with the accounting computer and software and the effort to resolve same. He distributed and discussed corrected copies of the financial statements and advised that the year end closing and audit process will be delayed, (revised schedule to be determined once the computer issues are resolved). Director MacDonald noted that the fair market value report in the investment report shows a negative number for Treasury instruments and a positive number for the Agency instruments. He asked why one would be positive and the other negative. He further asked about the extent to which the investment manager is taking advantage of the investment policy authorization for Agency instruments. Manager Tinsley indicated that he would research and provide answers to both questions. There being no further questions, Director Winslow MOVED to approve the consent matters, consisting of:

1. Minutes December 11, 2007 - Regular
2. W07-04(A) Investments - December, 2007
3. W07-04(B) Financials - December, 2007
4. W07-04(C) Improvements Agreements: None.

Director MacDonald 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.

Executive Session

Director Cooper MOVED and Director Winslow SECONDED a motion to adjourn to executive session pursuant to Section 24-6-402(4)(f) of the Colorado Revised Statutes for purposes of discussing personnel matters, (annual meeting with Auditor). 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 4:15 p.m.

The Board reconvened in regular session at 5:12 p.m., at which time Chairman

Cooper announced that only matters pertaining to personnel had been discussed during the executive session.

Auditor Bondi departed at this point.

Action Items:

Cash Receipts and Expenditures (07-04-D):

The Board reviewed and discussed the cash receipts and expenditures for December, 2007. Director Cooper asked about the payment to Merrick & Company. District Engineer Jennings advised that the payment is for water hydraulic modeling for a portion of the southern water distribution system. Manager Tinsley advised that the budget provided for such special work and reminded the Board of the "strategic discussions" in which staff advised that comprehensive master plan (capital capacity) updates are no longer necessary but sub-area analysis will be necessary from time-to-time. Director Cooper asked about the Lone Tree Office Ventures payment. Manager Tinsley advised that the payment is a refund of the developer's construction warranty deposit. Director Kirkpatrick noted the differential between the Water and Sanitation payments to the Colorado Special District Property and Liability Insurance Pool and questioned the reason for the difference. Manager Tinsley indicated that the risk exposure and claim history for the Sanitation District is greater than for the Water District.

Director MacDonald MOVED to approve the expenditures in the amount of \$287,419.32 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.

Posting of Notice (08-01):

Chairman Cooper advised of the statutory requirement for annual resolution regarding the locations for posting notice of regular and special meetings. The designated places at which notice of meetings are posted include: the District Office, Greenwood Village City Hall, Koebel Library, Castlewood Library, Lone Tree Library, and Lone Tree Offices. They are also posted at the offices of the Clerk and Recorder in Arapahoe and Douglas Counties. He asked if there have been any changes since the 2007 resolution. Manager Tinsley indicated that only the resolution number and the effective date have been changed.

Director Winslow noted that the address for the Lone Tree city offices needs to be updated to reflect their recent move. Manager Tinsley acknowledged and indicated he would make the necessary changes.

Chairman Cooper asked if the Directors were satisfied with the designated locations and the District coverage provided. No additions or changes were proposed.

Director Winslow MOVED to approve Water Resolution 2008-01, (as corrected), designating the places for posting of regular and special meetings. Director Cooper SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Manager's Employment Contract (08-02):

Chairman Cooper introduced the Manager's Contract with revisions as discussed at the December, 2007 meeting. (change of compensation and effective dates). He reported that the Manager's 2007 evaluation was documented, reviewed with the Manager, and countersigned by the Manager following the December meeting, (copies were distributed to the Directors). Approval of the updated agreement was recommended.

Director MacDonald MOVED to approve and execute the Manager's Contract as revised. Director Winslow SECONDED the motion. Upon a call of the vote, all Directors present voted "AYE", and the motion was declared UNANIMOUSLY PASSED.

Colorado's Water/Wastewater Agency Response Network (CoWARN) (08-04):

Manager Tinsley reported that: 1) history has demonstrated that State and Federal agencies have considerable strength in disaster response, but are slow to mobilize, 2) there is a push for individuals and local utilities to make arrangements for unassisted survival for a three day period, and 3) that push for sustainable local utilities is resulting in the formation of emergency response networks to mount initial emergency response, individually and through mutual aid agreements. In Colorado, the State Health Department, using a grant from the Federal agencies, has facilitated a group of local utilities in their effort to develop a voluntary mutual aid network.

On November 8, 2007 the Manager attended their enrollment kickoff meeting for the Colorado Water/Wastewater Agency Response Network (CoWARN). The following materials were presented and discussed:

- 1 - CoWARN pamphlet - Mission, Purpose, Participation, What is a WARN?, Benefits, etc.
Note: "In order to be eligible for federal grants and reimbursements before, during and after an emergency, all local, state, and tribal governments, associations and non-governmental and private organizations must: 1) Adopt the National Incident Management System (NIMS), 2) Support the development of interstate mutual aid programs, and 3) Integrate response at the field, local and state levels of government."
- 2 - CoWARN Powerpoint presentation - with Manager's notes.
- 3 - CoWARN Mutual Aid Agreement Powerpoint presentation - with Manager's notes.
Notes: Mutual aid is not intended to take the place of proper planning. Agreement defines emergencies. Call for aid is initiated by designated agency representative.

Participants have no duty to respond, (response is voluntary and entirely subject to availability of resources). Provisions and protections regarding: cost recovery and personnel/equipment control. Responder has normal operational liability subject to provisions of Colorado Governmental Immunity Act. Can terminate participation at any time.

4 - 11/19/07 favorable Legal Counsel review comments in response to 11/15/07 request from Manager.

5 - Proposed Mutual Aid and Assistance Agreement.

Approval and execution was recommended.

Clarifying discussion followed, including: 1) no cost to join and no cost for on-going membership, 2) initial coordination and clearing house functions via the Colorado Health Department with functional delegation in the future to regional steering committees, 3) WARN establishment, (either complete or in development), in every state in the United States, (concept first pursued in the states of Florida and California), 4) limits of liability, and 5) the definition of "emergency" (excluding failure to plan or prepare for circumstances falling below the definition of emergency).

Director MacDonald spoke of the strategic discussions regarding vulnerability assessment and emergency preparedness. He indicated that CoWARN would be a good opportunity to flesh out the District's emergency preparedness and develop practical experience.

Director Kirkpatrick asked if emergency response actions will be within the State of Colorado or across state lines. Manager Tinsley indicated that the system will initially be within the State but will probably broaden in the future to cross state lines. Director Kirkpatrick noted that the proposal is comparable to the long standing mutual aid practices among the fire departments.

Director MacDonald MOVED to approve and execute the CoWARN Agreement 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.

Recess:

Director MacDonald MOVED to recess at 5:36 p.m. Director Kirkpatrick 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 6:03 p.m.

Non-action Items:

Project Status Reports (06-06):

Manager Tinsley and Engineer Jennings provided brief status reports on the

following projects:

- Geographic Information System - Phase III GIS implementation, (via the previously approved contract with Wolpert, Inc.), will get underway with kickoff and working meetings on January 16 and 17, 2008. Staff is continuing to work up the learning curve and develop proficiencies with the GIS systems. There was brief discussion of the near future release of AutoCADD version 9 and the need for Wolpert evaluation. Director Cooper commented favorably on the District's decision to build the GIS on the AutoCADD and Oracle platforms.
- Zone 10E Reservoir and Associated Improvements - The contractor is working on the telemetry/SCADA improvements and the generator relocation to the District headquarters. By the February meeting the contractor should be done with everything except the revegetation seeding. Discussion followed regarding discharge of the initial reservoir fill, re-chlorination, operational fill and tank serviceability. Director Cooper asked if the project is on schedule. District Engineer Jennings advised that the contractor is still within the contract period.
- County Line & S. Yosemite Waterline & Valve Replacement - The design engineer has delivered the "50% completion" construction plans for staff review. Staff review is pending. Intergovernmental coordination, (City of Lone Tree and State Highway Department), was briefly discussed. It is the goal to bid these improvements with the Phase III 2006 Sewer Program improvements, (discussed above).
- South Yosemite Site Improvements - The only remaining work is: 1) completion of the irrigation system, 2) seeding, and 3) trail restoration. That work will be pursued as soon as the weather permits.
- Surplus Property - The high bidder on the Walnut Hills property has expressed concern regarding comments received from the City of Centennial and the Arapahoe County Clerk and Recorder. Those concerns have been forwarded to Legal Counsel for comment. If the high bidder fails to follow through with the purchase the Manager proposes to contact the second highest bidder. Should that fail he proposes to contact the third highest bidder. The Board concurred. The Manager will keep the Board informed.
- Election - Information regarding the election was published in the January issue of the WaterViews newsletter and posted to the website. Mail-in Ballot application forms were prepared as required by the Statutory deadline, (application forms are available on the website). The significant differences between the previously used "Absentee Ballots" and the newly required "Mail-in Ballots" were briefly discussed. The call for nominations has been prepared and transmitted to the newspapers, (Littleton Sentinel and Douglas County News Press), for publication. That notice was also posted to the website and self-nomination/campaign finance act materials

packets have been prepared for distribution upon publication of the call for nominations. Notice of election (or election cancellation) will be published in the same newspapers and in the April issue of the WaterViews newsletter. Candidate profiles will be published in the April issue of the WaterViews newsletter. Critical dates were reviewed.

Finance - Special Reports:

The Board's attention was directed to the Auditor's monthly letter in the Board packet.

Legal - Special Reports:

It was confirmed that Legal Counsel Lyons is scheduled for attendance at the February Board meeting. The Board's attention was directed to the Attorney's correspondence and advisories in the Board packet. That correspondence and advisories will be reissued in the February packet.

Administrative - Special Reports:

Manager Tinsley spoke of the favorable tap sale results through the end of 2007. Chairman Cooper directed the Board's attention to the 2007/2008 goal statements in the packet. There was brief discussion the Manager's responsibilities relative to the website host move and the on-going website maintenance and monitoring. There was brief discussion regarding the clarity of the District Engineer's goal regarding GIS Phase III implementation. The District Engineer will clarify. Director Cooper commented favorably on the Operations Group goals for 2008 and the priority associated with filling the last vacant operator position.

The status of recruitment for the last vacant operator position was briefly discussed.

Engineering - Special Reports:

District Engineer indicated that he had nothing further to report. Director Cooper noted the lengthy list of development project activities. Brief discussion followed.

Directors - Special Reports:

Chairman Cooper reviewed the training announcements and the planned attendance.

Director MacDonald advised of an upcoming Colorado Water Law seminary on Colorado Water Law and asked if the District would benefit from attendance by a director. There was some interest in the seminary content but also some concern regarding the cost.

Director MacDonald will research further and then discuss with the Board.

Adjournment:

There being no further business to come before the Board of Directors, Director MacDonald MOVED to adjourn the meeting. Director Winslow SECONDED the motion. By UNANIMOUS vote the meeting was adjourned at 7:21 p.m.

Director

President & Chairman

Director

Director

Absent and Excused
Director Herbolich