

**MINUTES OF THE BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
DENVER SOUTHEAST SUBURBAN WATER
AND SANITATION DISTRICT**

A special meeting of the Board of Directors of the Denver Southeast Suburban Water and Sanitation District was held on Wednesday June 1, 2011 at the District Main office, the time and place of the meeting according to the posted notices. Present were District Board Members - David Eyre, Walter Partridge, Heidi Tackett, and Rod Bergholm, District Manager - Charles Krogh, District General Counsel - Jim Folkestad, District Accountant – Kevin Collins, and District staff –Bill Morgan, Rhonda Lancaster and Susan Saint-Vincent.

A motion was entered to nominate David Eyre as Acting Chairman in Chairman Chapman's absence.

Motion: Heidi Tackett

Second: Rod Bergholm

Vote: Directors Tackett, Bergholm and Partridge voted in favor. Director Eyre abstained.

Chairman Eyre called the meeting to order at 5:00 p.m., established the presence of a quorum, and excused Chairman Chapman's absence.

PUBLIC RESPONSE

None

DIRECTOR'S BUSINESS

Manager Krogh informed Chairman Eyre of the added action item for the meeting regarding the Stonegate Inquiry.

ITEMS FOR BOARD ACTION AND DISCUSSION:

STONEGATE INQUIRY ON REGIONALIZATION

Stonegate Metropolitan District contacted Manager Krogh about potential inclusion or consolidation of their district with the Pinery Water and Wastewater District. After a brief discussion the Board entered a motion to direct Manager Krogh to provide a response to Stonegate and state that the District is not interested in considering inclusion of their district.

Motion: Walt Partridge

Second: Rod Bergholm

Vote: All Directors present voted in favor.

BENEFITS PLANNING FOR 2011

In 2006, the District changed to a High Deductible Health Plan along with a Health Savings Account. As a result of that change, the District has saved over \$800,000 in benefit costs compared to staying on the PPO and HMO plans that were previously offered. In 2010, the Board expressed concern about future costs of employee health and other insurance programs currently provided to the District's staff. Through a team effort, a group of District employees has researched alternatives in providing health insurance coverage and these ideas were presented to the Board. The main concept brought forth for consideration is for the District to share risk with the insurance company with the potential to save on benefits. Included with that risk sharing concept is a Wellness Program for employees and their families. Following the presentation, staff discussed the difficult hurdles they are faced regarding healthcare costs. The District is considered a small employer in the State of Colorado which makes choices for health insurance limited, and eliminates carrier consideration of utilization experience in establishing rates.

The Board acknowledges that the challenges before them regarding employee benefits are saving money for the District, minimizing risk, and continuing to provide health benefits for the employees. The Board was asked for direction as to whether they would like staff to continue with the development of the plan as presented or research other alternatives. Director Tackett stated that the ideas presented could be worth a one or two year experiment until other options become available in 2014 through the Affordable Care Act (i.e., Healthcare Reform). The Board discussed defining a cost threshold that will give direction for future planning. Decisions about what the District will do for the 2012 benefit program will be made in November for a December 1, 2011 renewal.

ATTORNEY'S REPORT

Attorney Jim Folkestad provided an outline of the projects he and his staff are currently working on for the District:

- Colorado Golf Club – finalizing a Water Supply Agreement and a License Agreement
- Reservoir No. 7 and Well N – Special Warranty Deed and Easement Deed and Agreement were recorded.
- Timbers – The current owner of the Timbers has requested an Assignment and Assumption Agreement reflecting them as the new property owner. The proposed Agreement has been forwarded to them and legal staff is awaiting comments.
- Canyons Foreclosure – Sale date was continued to June 1, 2011. Manager Krogh added that Newland Communities has expressed interest in purchasing the property.

- Colorado Horse Park Metropolitan District – IGA – Manager Krogh is currently reviewing a draft agreement. Chairman Eyre asked if there is anything in place that covers controlling manure run off. He is concerned about how that may affect the District’s ground water. The attorney and District staff will look into adding something to the agreement that addresses the issue.
- Certificate of Outstanding RTS fees and Douglas County Treasurer for Collection as Property Taxes – Following the Board approved schedule by preparing to mail letters in June to property owners with outstanding fees.
- Liens – Four liens have been recorded since the last Board meeting. No lien releases were processed.

ACCOUNTANT’S REPORT

Accountant Kevin Collins with Clifton Gunderson presented the April 2011 Financial Statements and Schedule of Cash Position as of April 30, 2011 to the Board.

- Water operating revenues and expenses are consistent with four year average budgeted amounts.
- Sewer operating revenues and expenses are consistent with four year average budgeted amounts. Sludge disposal is above plan due to more hauling during winter months.
- Non-operating expense – Data processing line item was showing over budget. This was due to purchased computers that were charged to this account. These items were moved to Capital.
- Capital outlay is under budget through April because most of the budgeted projects are scheduled for construction later in the year.
- Restricted Cash – Accountant will be moving \$970,000 out of the project fund to Colotrust to fund capital projects.

TREASURER’S REPORT

Director Bergholm presented the Treasurer’s Report for Board approval for a portion of the bills for the month of May 2011 that have been received to date. A motion was entered to issue checks as written in the amount of \$100,626.86 and \$6,101.20 for the interim report.

Motion: Rod Bergholm

Second: David Eyre

Vote: All Directors present voted in favor.

DISTRICT MANAGER’S REPORT

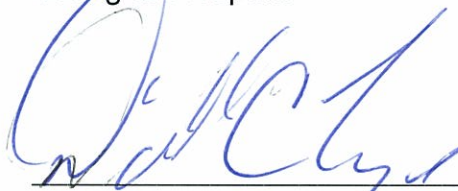
Manager Krogh updated the Board on items of interest to the District:

- Wastewater Treatment Plant Permit - The District is waiting for a draft of the Wastewater Treatment Plant permit renewal. The Water Quality Control Division communicated potential ammonia limits that they were considering for the permit. MWH and Burns, Figga & Will will assist the

District in preparing comments on the draft once it is received by the District.

- Radio Read Meters – The District staff is moving more quickly with their findings and recommendations and plan to be ready to present the information at the July Board meeting. The goal for this year is to get several hundred radio read meters installed to hopefully make the transition to monthly billing easier and to gain experience in installing the new meters.
- SDA Conference – Reservations have been made for the SDA conference. That information will be provided for the Board at the July Board meeting.
- Pump Station 4 – Work is complete.
- Well 7 – Work is complete.
- Well N – District has decided to postpone maintenance on this well until the fall.
- Well W – District staff met with the Pinery Glen HOA last month to discuss the need for an easement for the new well. Contact with the nearby homeowners to describe the project is planned before the request for the final easement from the HOA.
- Wastewater Treatment Plant – The District is preparing to begin negotiations with contractors to get installation pricing for the clarifier project. Manager Krogh will have information ready for the July Board meeting.

There being no further business to come before the Board, Chairman David Eyre closed the special meeting at 7:15p.m.



DAVID EYRE, VICE CHAIRMAN OF THE BOARD
OF DIRECTORS, DENVER SOUTHEAST SUBURBAN
WATER & SANITATION DISTRICT

ATTEST:



WALTER PARTRIDGE, SECRETARY