

**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 August 10, 2016 at the District Office at 5242 Old Schoolhouse Road, the time and place of the meeting according to the posted notices. Present were District Board Members, Walt Partridge, Heidi Tackett, Stephan Tinnes, Russ Hokanson and Bob Chapman via telephone. Also present were District Manager, Heather Beasley, James Folkestad, General Counsel, and Jennifer Osgood, Special Counsel.

Chairman Partridge called the meeting to order at 6:30 pm and established that a quorum of the Board was present.

PUBLIC RESPONSE

None

DIRECTOR BUSINESS

Director Partridge told the Board that Director Chapman desires to step down from the Board. He will do that when the Board can find someone else to take his place. Director Partridge knows of someone that lives close to Director Chapman that he believes is very interested in being on the Board and is well qualified. This change could take place as soon as next month. Director Tackett mentioned that it would be worthwhile to find some interest from residents on the west side of Parker Road. Manager Beasley will post the potential Board seat vacancy on the website.

EXECUTIVE SESSION

At 6:38 PM, a motion was made to enter into Executive session pursuant to C.R.S. 24-6-402(4)(b), to receive advice of legal counsel concerning the status of the legal action between District and Hydro Resources-Rocky Mountain, Inc. relative to Pinery Well A-16.

Motion: Steve Tinnes

Seconded: Heidi Tackett

Vote: All Directors present voted in favor

At 7:19 PM, a motion was made by Director Chapman and seconded by Director Tackett to exit the Executive Session. All directors present voted in favor of the motion. For the record, Mr. Folkestad stated that no decisions were reached and no formal action was taken by the board during Executive Session.

ITEMS FOR BOARD ACTION AND/OR DISCUSSION:

DISCUSSION REGARDING POTENTIAL REVISIONS TO EMPLOYEE BENEFITS

Director Tackett led the discussion about the proposal for revisions to the employee's benefits. A lot of discussion over the months, information from detailed surveys of surrounding water utilities and information gathered at the recent Mountain States Employers Council conference factored into this proposal.

- By a vote of 5-0, the Board agreed to revise the Medical, Dental and Vision benefits as follows – Starting in 2017, the Health Reimbursement Account will no longer be offered. Employees will be encouraged to contribute to their Health Savings Account through payroll deductions. Starting in 2018, the Board will continue to fund 100% of deductibles and premiums for all employees. Employees will be required to contribute 5% of the premiums for dependents. The percentage contribution will increase by 5% in 2019 and another 5% in 2020 for a total contribution by the employee of 15% of dependent premiums.
- By a vote of 5-0, the Board designated Christmas Eve and an additional District holiday effective 2017.
- By a vote of 4-0, Director Chapman abstained, the Board agree that starting in 2017, accrued sick leave beyond the maximum 520 hours will convert at a rate of 50% (instead of 40%) to vacation or paid out each year.

The Board asked that the District Manager continue to report back to the Board about the success of these changes.

DISCUSSION REGARD THE SECOND DRAFT OF THE 2017 DISTRICT BUDGET

Manager Beasley presented the second draft of the 2017 District Budget. There was much discussion about the role "Developer Contributed Assets" plays on the District Budget. Manager Beasley explained that number is the value of the water and sewer assets that developers will install and dedicate to the District to own and maintain. Similar to District capital projects that have expenses, once done are moved off of the budget and onto the asset list to begin depreciation. There is no actual money being collected or paid out.

Manager Beasley pointed out there were some changes for the previous version of the Budget to incorporate the direction given by the Board in July regarding the Asset Management Implementation Plan. She also noted that there would be some minor changes to the next version to incorporate the direction given tonight regarding the employee benefits.

The Board directed Manager Beasley to minimize the role that CliftonLarsonAllen plays in the financial reporting as much as practical. That change will be reflected in the next version of the Budget.

The 2017 Draft Budget shows a deficit of revenue to expenses by approximately \$700,000. The reason for this is many of the expenses anticipated for 2016 will actually happen in 2017. So staff anticipates a more revenue to expenses in 2016 that will roll over into 2017 to cover those additional expenses.

Director Tackett noted a mistake in the Summary Memo in the Board packet. The memo states that the next Board meeting will take place on August 24, 2016. That is incorrect and the next Board meeting will be as regularly posted on August 17, 2016.

Manager Beasley told the Board that at next week's meeting (Aug 17) she would request that the Board call for a Public Hearing regarding the 2017 Budget and potential revision to the District Rates and Fees and Tap Fees. That will likely be held on September 28, 2016 during the regular September Board meeting.

There being no additional business to come before the Board Chairman Partridge adjourned the meeting at 8:31 PM.

A handwritten signature in blue ink, appearing to read "Walter Partridge", written over a horizontal line.

WALTER PARTRIDGE, CHAIRMAN DENVER SOUTHEAST SUBURBAN
WATER & SANITATION DISTRICT

ATTEST:

A handwritten signature in blue ink, appearing to read "Heidi Tacket", written over a horizontal line.

HEIDI TACKET, SECRETARY

Heather Beasley, Asst Secretary