

**Deer Mountain Sanitary District
Board of Trustees Meeting Minutes**

11187 Deer Mountain Road, Lead, SD & via Zoom
May 15, 2026

President Oz Enderby called the meeting to order at 5:00 p.m. Trustees present at the district office were Oz Enderby, Joe Kosel, and Marty Fabens. Water Operator Steve Ryan was also present. Trustee Rod Davis, Attorney Talbot Wiczorek, AE2S Joe Noble, and Clerk Shari Kosel attended via Zoom. Dan O'Connor was absent.

Approval of Agenda

President Enderby presented the agenda. Motion by Fabens, seconded by Kosel, to approve the agenda. Motion carried unanimously.

Approval of Minutes – April 10, 2026

Motion by Kosel, seconded by Fabens, to approve the April 10, 2026 meeting minutes. Motion carried unanimously.

Treasurer's Report

Enderby presented the Treasurer's Report. Motion by Kosel, seconded by Fabens, to approve the Treasurer's Report. Motion carried unanimously.

Kamstrup Collector Meter Reading/Billing Update/Leaks Report [ACTION]

Enderby provided an update on the leak at Jackpine. We replaced two curb stops found at the leak location. Enderby inquired about crediting the homeowners for what they paid to have meters installed in their house, since we couldn't locate their curb stops at the time of installation. Enderby suggested crediting them \$450 each for future billing. Fabens motioned to approve the credit, Davis seconded. Motion carried unanimously.

Operator Report/Sub-Surface Test

Enderby provided an update on the locate test, and it was fairly accurate using vibration. Enderby noted we will look at this testing for future use. The quote was \$8,000.

Loan Amendment Engagement Letter/Discussion/Approval [ACTION]

Enderby noted that the cost was reduced from \$7,500 to \$3,000 to move our payments to biannual, following our tax payments received from the county. Kosel moved to approve the payment amount, seconded by Fabens. Motion carried unanimously.

AE2S Amendment to Task Order #2 / Amendment #4 — Discussion & Approval [ACTION]

Enderby reminded the Board that the original quote from AE2S was \$80,000, which has since been reduced to \$70,000. He noted that the District no longer receives construction income, with all revenue now derived from water billing and tax income, and that several projects remain pending completion.

Noble clarified that signing the amendment would not obligate an immediate invoice submission, and characterized the action as a good-faith acknowledgment of the Board's intent to pay. He expressed willingness to work with the District on a rollout timeline that is financially and operationally appropriate.

Enderby thanked Noble but stated he was not comfortable taking action without full Board attendance.

Kosel concurred, adding that he appreciated Noble's efforts in preparing the amendment. He acknowledged that the District remains in a negotiating posture with AE2S and suggested that finalizing an agreement at this time may be premature. Kosel further noted that ongoing litigation could result in increasing costs in the near term. He emphasized that the Board does not intend to disregard its obligations to AE2S, but agreed that action should be deferred until a full Board is present. **Discussion was tabled.**

Resolution for Annexation — Job/Snyder Properties — Discussion & Approval [ACTION]

Enderby presented a resolution prepared by Wieczorek regarding the annexation of the Job/Snyder properties located at Terry Peak Summit. The property owners have requested annexation, contingent upon Keating's water system construction in that area.

Wieczorek noted that following the adoption of the resolution, the next step will be submission to the County Commission for approval. He identified a concern regarding the accuracy of the legal descriptions currently included in the resolution and requested that they be verified with the Register of Deeds prior to proceeding. Wieczorek recommended that the public hearing be scheduled for July, allowing sufficient time to complete all preliminary steps, including County Commission approval.

Enderby agreed to confirm the legal descriptions with the Register of Deeds.

No action was taken. Discussion was tabled until the June meeting.

Public Officials Errors and Omission Insurance Update.

Enderby updated that Hub insurance has canceled our policy. They have not found an alternate provider at this time. Wieczorek suggested contacting the South Dakota Public Insurance Alliance. The South Dakota Public Assurance Alliance is basically a self-insured pool that contains hundreds of small governments in South Dakota. Enderby will work on the application. Enderby noted that our claim is not closed and is still being paid by the previous insurance company. The next hearing is scheduled for June 15 at 2 PM at the county courthouse.

2025 Certificate of Achievement — DMSD / Steve

Enderby read the Certificate of Achievement into the record. The certificate is available on the District website.

Ryan presented three items for discussion:

1. Filter Orders

Ryan requested authorization to order additional filters at an estimated cost of approximately \$4,000.

2. Old Water Tank — Fire Purposes

Ryan inquired whether the Board wished to fill the old water tank for fire suppression purposes. Kosel asked for an estimated cost. Ryan indicated the tanks would need to be cleaned before filling, with a capacity of 75,000 gallons. Kosel acknowledged the current elevated fire danger but expressed concern about committing 75,000 gallons if the water would go unused. No action was taken.

3. Water Sale to Frontier Water / Gilded Mountain [ACTION]

Ryan requested permission to sell water to Gilded Mountain through Frontier Water, noting that this arrangement has been utilized in the past. L-D Sanitary has indicated approval of the sale. The District would

bill at a rate of \$15 per thousand gallons. Fabens noted that in the event of a capacity issue, Gilded Mountain would be the first to be cut off.

Fabens moved to approve the sale of water to Frontier Water for Gilded Mountain; seconded by Davis. Motion approved unanimously.

Discussion only items:

Public Comments. S. Kosel read a question from the Zoom chat from Wayne & Tammi Moore that read they've been very pleased to work with the SD Public Insurance Alliance.

Trustee Comments.

*Adjourn to Executive Session to discuss contractual/legal issues and any item allowed per SDCL Chapter 1-25 (if needed)

Next Regular Meeting June 26, 2026

Executive Session

Motion by Kosel, seconded by Fabens, to enter executive session at 5:48 p.m. to discuss legal matters. Motion carried unanimously.

Executive Session Items:

- Aberle/Morris legal update
- Contractual/legal matters pursuant to SDCL Chapter 1-25

Motion by Kosel, seconded by Fabens, to exit executive session at 6:03 p.m. Motion carried unanimously.

Adjournment

Motion by Kosel, seconded by Fabens, to adjourn. Motion carried unanimously at 6:03 p.m.

Shari Kosel
Secretary/Clerk/Notary