MINUTES OF THE REGULAR MEETING OF THE BOARD
OF DIRECTORS OF THE PROJECT 7 WATER AUTHORITY

July 23, 2026

The Regular meeting of the Board of Directors of the Project 7 Water Authority was held July 23, 2026, in the conference room of the Project 7 Treatment Plant site, Montrose, Colorado.

Directors Present:
Vicki Ripp, Chair
David Bries (Zoom)
Matt Miles
Randy Meaker
Ron White

Others Present:
Adam Turner
Aaron Hancey
Courtney Dalla
Tessa Scharf
Jay Thoe
John McMillan
David White
Gail Marvel
Jerry Young
Kathy Calkins
Rick Hill
Michael Badagliacco
Wayne Schieldt
(Remote-Tim Mayberry, Michael Miller,
Greta Stetson, Tim Flynn, Andy Mitchell)

Chairperson Ripp called the Regular July 23, 2026 meeting to order at 4:30 p.m.

Following roll call, a quorum was declared present.

June Minutes
Following review of the minutes, Chairperson Ripp asked if there were any additions or corrections, Director Miles objected to wording suggesting that the potential for 50% -60% recoupment of Resiliency Project expenditures was a factual statement rather than a subjective opinion with some disagreement. Director Meaker moved to accept the minutes as corrected to revise this language. Chairperson Ripp seconded. Motion passed.

Changes to the Agenda
Chairperson Ripp asked if there were any changes to the agenda. Director Bries asked to add Item 7.A for "Discussion to consider removing the confidential designation from the memo prepared by the Authority's legal counsel regarding the Establishing Contract."
Director Miles asked to add Item 8 B for "Discussion regarding the Retained Value Worksheet with respect to past Resiliency Project expenditures."

Public Comment
Chairperson Vicki Ripp asked if there was any Public Comment.
There was none.

Consumption Report
Consumption Reports for June 2026 were reviewed. Manager Turner said consumption was about the same as last year to date. Director White asked about water usage and the effects of the drought. Manager Turner said people were being conservative on water use.

Process Control Report
The Process Control Reports for June 2026 were reviewed. Manager Turner gave kudos to operations for the best clarifier turbidity and finished water turbidity for the past seven Junes.

Updates
Manager Reports/Update handout: Manager Turner reported water levels at Blue Mesa, Taylor, Silver Jack, and Ridgway reservoirs.

Manager Turner said the Gold Mountain Fire had not impacted water quality yet and clean up of fuel from the helicopter accident into Silver Jack were on going. Monsoonal runoff and possible mudslides on the burned areas remain a potential concern.

Manager Turner reported to the Board that the meeting with the potential seller regarding possible property acquisition had been postponed by a medical event but that these discussions are expected to continue.

Manager Turner directed the Board to the handout in the Board packet summarizing the history of the Resiliency Project prepared by Mr. Jay Thoe, a TAG Member from Menoken. Mr. Thoe prepared this memo as an aid to better understand how the Authority got to where it is today with respect to the Resiliency Project. Chairperson Ripp thanked Mr. Thoe for his efforts and said that the synopsis was well written and that the Board appreciates his efforts.

Manager Turner said that he would hand over the financial and cash flow reports to Mr. Aaron Hancey as the new CFO.

Chairperson Ripp asked if there were any comments on the Manager’s reports. There were none.

CFO Report
Mr. Hancey said that there was a $500,000.00 increase in cash since last month. He reported that he and Manager Turner met with a ColoTrust representative earlier in the day at the Water Treatment Plant and that the outlook for the Authority's investments remains promising.

Mr. Tim Mayberry presented the financial Audit review for 2025. Mr. Mayberry reported that the audit provided for a clean opinion with one emphasis of matter regarding the reclassification of a Browns Hill Engineering long-term agreement from construction in progress to a right-to-use asset. The financial statements showed increased revenues in 2025 due to a 25.6% rate increase per k-gallon, with net operating income rising to $5.1 million compared to $3.5 million in 2024. The Board discussed debt coverage ratios. Mr. Mayberry said that the Board could go ahead and approve the Audit contingent on correcting for the emphasis of a matter on set forth in note #11, without affecting the Audits financial statement or numbers.

Chairperson Vicki Ripp directed the minutes to reflect acceptance of the Manager's Reports.

Legal Update
Attorney Tim Flynn (via zoom) was attending for Attorney James Silvestro. Attorney Flynn said he did not have any legal matters to be presented at the meeting.

Director Bries asked if the privileged memo regarding the Establishing Contract could be shared with the staff of the member entities. Attorney Flynn said this matter regarded an Attorney/Client privileged memo that Attorney Silvestro had written and that could only be released with Board approval. Attorney Flynn advised to table this until the August meeting when Attorney Silvestro would be able to discuss the matter.

Old Business
Mr. Hancey presented a proposed 2027 Rate Structure analysis showing potential rate scenarios for 2027. Director Miles said the Board should not be discussing a rate increase in July without knowing what direction the Board is going to take on behalf of the Authority with respect to the Resiliency Project. Director Bries stated that he needs the Authority to begin looking at rates so that his member agency can begin to plan its budget with an initial draft of that budget due internally in July/August of each year. Director Bries also asked how much of the gross revenues were getting put into reserves, and if any potential limitation on capital reserves within the Establishing Contract was being exceeded. The group agreed to table further rate decisions until the August Regular Board meeting after gathering more information about the Establishing Contract and consulting with legal council for the member agencies.

Mr. Aaron Hancey explained to the Board that the information included on the Retained Value Worksheet for the Resiliency Project was based on information compiled by Mr. Greg Swartz from D.A. Davidson. The worksheet showed $18,967,038 spent on the Resiliency Project, with a possible reuse value calculated at 54.8% based on Mr. Swartz's professional opinion. Director White said that the retained value allocation only has value if the south Resiliency Project plant was picked back up again at the Colona site. Director Miles said that the TAG group came to the conclusion that water from Ridgway (was skunky) would cost more to treat and that until the Board could come to a decision on how to proceed that this retained value worksheet was not worth the paper it was written on. There was Board discussion regarding the different categories listed on the handout and how these did or did not align with Mr. Schwartz's prior work to reconcile Resiliency Project expenses and funding sources. Chairperson Ripp said this information along with Mr. Thoe’s synopsis would help the Board to make further decisions regarding the Resiliency Project.

New Business
Director Ron White moved to approve the 2025 Audit contingent on revised opinion from Mayberry on Emphasis of Matter, note #11, and that the revised language is acceptable to the auditor. Director Meaker seconded, and the motion passed unanimously.

Future Agenda Item
Director White asked for clarification on how much was paid to Garver separately from HDR and how much of it predated the resiliency costs.

There being no more business Chairperson Ripp adjourned the meeting at 6:20pm

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Chairman

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Secretary