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

August 27, 2026

The Regular meeting of the Board of Directors of the Project 7 Water Authority was held August 27, 2026 in the conference room of the Project 7 Treatment Plant site, Montrose, Colorado.

| Directors Present: | Others Present: | |
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| Vicki Ripp, Chair | Adam Turner | |
| David Bries | Aaron Hancey | Jerry Young |
| Jake Foreman | Kathy Calkins | Patti Hill |
| Randy Meaker | Tessa Scharf | Rick Hill |
| Ron White | Jay Thoe | Michael Badagliacco |
| Matt Miles | John McMillan | Greg Stunder |
| | David White | |
| | (Remote- Michael Miller, Greta Stetson, James Silvestro, Andy Mitchell) | |

Chairperson Ripp called the Regular August 27, 2026 meeting to order at 4:30 p.m.

Following roll call, a quorum was declared present.

**July Minutes**
Following review of the minutes, Chairperson Ripp asked if there were any additions or corrections, there were none. Director Meaker moved to accept the minutes as presented. Director Foreman seconded. Motion passed.

**August 18, 2026 Special Meeting Minutes**
Chairperson Ripp asked if there were any additions or corrections, there were none. The minutes were accepted as presented.

**Changes to the Agenda**
Chairperson Ripp asked if there were any changes to the agenda. There were none.

Chairperson Vicki Ripp asked if there was any Public Comment.
Patti Hill expressed concerns of possible rate increase and the effect it would have on families and affordability.

**Consumption Report**
Consumption Reports for June 2026 were reviewed. Manager Turner said consumption was down from the prior year. Manager Turner said people were being conservative on water use.

**Process Control Report**
The Process Control Reports for June 2026 were reviewed. Manager Turner said chemical costs were up even though P7 was treating the same amount of water as last year. The finished turbidity was the best it had been in the past 7 years.

**Updates**
Manager Reports/Update handout: Manager Turner reported water levels at Blue Mesa, Taylor, Silver Jack, and Ridgway reservoirs. Inflow to Blue Mesa was the lowest in 55 years.

Manager Turner said that a BAER team was evaluating the Gold Mountain fire assessing the damage and directing the mitigation in possible flooding.

Manager Turner reported that a new group had been started, “Headwaters to Home Alliance”, focusing on Watershed Health and Fire Mitigation.

Project 7 liability insurance is set to renew on September 1, 2026. Philadelphia/Grundy came in with the best quote saving the Authority 20% compared to Gladfelter.

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

**CFO Report**
Mr. Aaron Hancey started his report with the balance sheet, he stated the Audit was finishing up and he was getting everything up to date. Operating expenses continue to be consistent, with chemical and health insurance costs causing the most fluctuation. Mr. Hancey said the Authority had a net income of $802,000.00 for the month.

Director Miles asked a question on the balance sheet,” If and when the TAG Group comes back and says this route plan is dead are you going to write down that 55% retained value from the $21 million in sunk costs on that?” Mr. Hancey replied that through the advice of the Authority’s Auditors that would be addressed appropriately. Director Miles responded “that could knock our assets down”.

Mr. Aaron Hancey said on the 7-month year-to-date 2026 versus 2025, revenues generated were 5.1 million versus last year’s 7 months of 4.7 million. That represented 11% growth. Director White asked Mr. Hancey if the 11% in growth was based on actual consumption or the rate increase from last year. Mr. Hancey said he would have that information for the Board at the next meeting in September. The Board also suggested to Mr. Hancey that the financial report have numbered pages so it would be easier to follow along.

**TAG Report**
Mr. Scott Murphy asked the Board to consider HDR for the RFP Facility Masterplan and Emergency Operations Plan Project Contract for $308,105.33. In his proposal to the Board Mr. Murphy said Project 7 staff and TAG would be managing HDR consultant and reporting updates to the Board. HDR received the highest rating from the 4 proposals the TAG group received. Mr. Murphy said Jen Stillman was the environmental lead for HDR and would be working closely with Manager Turner, Project 7 staff and the TAG group. Funding for the contract award would be billed monthly and be funded using existing reserves within Project 7’s budget. Attorney James Silvestro said that Manager Turner had the authority to get HDR under contract with his and Mr. Murphy’s assistance. Director Miles moved to retain HDR under Mr. Scott Murphy’s recommendation for the Master Plan and Emergency Operations Plan Project. Director White seconded. Motion passed unanimously.

**Legal Update**
Attorney James Silvestro said that the new website vendor got the Authority in compliance for the accessibility requirements.

Attorney Silvestro discussed with the Board on the request from the City of Montrose to share privileged information in the Establishing Contract Memo. Attorney Silvestro said it was his role to provide legal advice and counsel to the Authority and that the Authority was an independent legal entity separate from all of your contracting members. All of the Directors had a requirement to not share confidential information without action or approval from the Board. Attorney Silvestro said if the Board was so inclined that there was a way to share the information with contracting parties called common interest privilege. After much discussion from the Board Director White made a motion to share the Establishing Contract Memo on a limited basis according to the common interest privilege, with the Attorneys that represented each of the entities. Director Bries seconded. Motion passed unanimously. Attorney Silvestro would be in contact with the Attorney for the contracting parties to share the Memo.

**Old Business**
Mr. Hancey proposed three options for 2027 rate structure, zero%, 4.4%, and 9.3% increases. Mr. Hancey said if no rate increase was chosen net income would decrease as costs for repairs to current treatment facilities, chemicals, health care, and cost of living raises for employees continue to rise. He recommended 9.3% - .25 cent increase go forward. Manager Turner said historically Project 7 had been slow to increase rates. Director Miles said it was absurd and reckless to raise rates. After much discussion Director Bries moved forward with a rate increase of 4.4% or 12 Cents per thousand gallons, on the volumetric costs for 2027. Director White seconded. Motion passed 5 votes in favor, Director Miles voted “no, no way Jose and does not support a rate increase”.

Mr. Hancey went over his budget planning and resiliency funding analysis with the Board, covering Operating Expenses, Loan payments, and capital Reserves. Director Miles asked how much interest was being charged on each of the 4 loans, if they were balloon payments, or amortized. They are all fully amortized loans with fixed rates. Mr. Hancey will have more information at the September Board meeting. Mr. Hancey talked about reserve policies, guidance on managing assets, and investments.

**New Business**
Manager Turner explained the summary of money paid to HDR, 2013 Risk Assessment Study, 2018 Ridgway Reservoir WTP Facility Draft Report, and 2025-26 On-Call Engineering Services. Director White had asked for this information at the July Board meeting. Transactions on a Quick books report were included in the Board packet.

**Executive Session**
At 6:25 p.m. Chairperson Ripp asked for a motion to go into Executive session pursuant to C.R.S 24-6-402(4)(b) for legal advice. Director White made a motion to go into executive session. Director Bries seconded. Motion passed unanimously.

Executive session was closed at 6:40 p.m. Director Miles moved to go back into the Regular Board Meeting. Director Foreman seconded. Motion passed unanimously. Chairperson Ripp directed the minutes to show the Board did not stray from the announced topic for the Executive session. She also directed the minutes reflect those present for the Executive session were Vicki Ripp, Randy Meaker, David Bries, Matt Miles, Ron White, Jake Foreman, Scott Murphy, Adam Turner, Arron Hancey, Tessa Scharf, Kathy Calkins, Jay Thoe, John McMillan, Jerry Young, Michael Badagliacco. Attorney James Silvestro attended by zoom

**Highway 50 Property acquisition**
Mr. Scott Murphy asked the Board to consider purchasing the property to the east of the current water treatment plant for 1.5 million dollars. The property is highly valued for future plant expansion. Manager Turner has signed the purchase contract to lock in the price and purchase conditions. Mr. Murphy said a phase 1 environment assessment has been started. Director Miles moved to ratify the land purchase contract as presented. Director Foreman seconded. Motion passed unanimously.

**Future Agenda Item**
CFO 2027 budget

There being no more business Chairperson Ripp adjourned the meeting at 6:55pm

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Chairman

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Secretary