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

May 28, 2026

The Regular meeting of the Board of Directors of the Project 7 Water Authority was held May 28, 2026 in the conference room of the Project 7 Treatment Plant site, Montrose, Colorado.

Directors Present:
Vicki Ripp, Chair
David Bries
Matt Miles
Ron White
Leroy Foreman - Alt

Others Present:
Adam Turner
Gail Marvel
Courtney Dalla
Scott Murphy
Adam Suppes
Greg Stunder
Tessa Scharf
Patti Hill
Jay Thoe
Rick Hill
John McMillan
Keith Laube
David White
Michael Badagliacco
Jerry Young
Kathy Calkins
Diane Henderson
Ron Henderson
Aaron Hancey
(Remote-James Silvestro, Greta Stetson, Rick Huggins, Greg Swartz, Andy Mitchell, Mr. Miller)

Chairperson Ripp called the Regular May 28, 2026 meeting to order at 4:30 p.m.

Following roll call, a quorum was declared present. It was announced at this time the City of Montrose designated Mr. Michael J. Badagliacco as its alternate representative.

April Minutes
Following review of the minutes, Director Miles asked for the draft minutes to be amended to include a discussion of his question to the Authority's legal counsel regarding the presentation from Greg Swartz during the April Meeting. Attorney Silvestro confirmed that during the April Meeting, Director Miles asked Attorney Silvestro to opine on Mr. Swartz's presentation and Attorney Silvestro stated that he did not have a legal opinion on the financial presentation. Chairperson Ripp asked for any other additions or corrections, and there were none. The minutes were approved with the aforementioned clarification.

Changes to the Agenda
There were no changes to the agenda

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

Consumption Report
The Consumption Report for April 2026 was presented and reviewed.

Process Control Report
The Process Control Report for May 2026 was presented and reviewed. There was some discussion as to whether there could be a need to ration water due to drought. Manager Turner said if UVWUA were to cut back on the water that was used for lawn irrigation, the Authority could see an uptick in treated water used for lawn irrigation, but that such use might be cost prohibitive.

Updates
Manager Reports/Update handout: Manager Turner reported water levels at Blue Mesa, Taylor, Silver Jack, and Ridgway reservoirs.
CCR’s were posted at the end of April and Fairview reservoir inspection was May 7, 2026.
Manager Turned reported that efforts related to the accessibility of the Authority's website are ongoing. Attorney Silvestro explained that these ongoing compliance efforts are required by state law.
Manager Turner gave an update on the TAG group’s progress and reported that Mr. Scott Murphy would have a more in-depth presentation under Item 7.

Manager Turner introduced Mr. Aaron Hancey as the new CFO. Mr. Hancey said he has spent the last 8 years helping small and medium businesses with their financial reporting, budgets and preparing for annual audits. He is currently on the Fruita City Council and was previously on their planning commission. Mr. Hancey was recommended to Project 7 by the previous CFO.

Cash Flow

Mr. Hancey reported that he has only had a few weeks to start to become familiar with the Authority's financials. He said that he wants to bring more transparency and clarity to the Authority's financial accounting and reporting processes. Mr. Hancey said he updated the cash flow report to correct the capital investment revenue number. He reported that payments from the entities were being made in a timely manner and expenses were on track with the budget for the first quarter of the year. He said he was going to look into moving some expenses and reclassifying some line items with the Authority's financial reporting system. Director White asked if Mr. Hancey would re-allocate unused money related to the Authority's annual audit, and Mr. Hancey stated that this was unlikely as the money left for the line item audit was not final and would eventually be used.

Chairperson Ripp directed that the minutes should reflect acceptance of the Manager's Reports.

Legal Update

Attorney Silvestro reported that he worked with Manager Turner to negotiate Mr. Hancey’s contract with his attorney using the Authority's standard template professional services agreement with just a few changes.

Attorney Silvestro reported that he worked with Mr. Scott Murphy and Manager Turner to refine the proposed RFP that will be presented as the next item of business for soliciting proposals for the Master Plan and the Emergency Operations Plan.

Attorney Silvestro said he was still working on a legal memo to provide the Board with an overview of the Authority's Establishing Contract and the three amendments. Attorney Silvestro confirmed that this privileged memo will be distributed directly to the Board and that the Board may want to ask for legal advice regarding the Establishing Contract in a future executive session. Attorney Silvestro reminded the Board that he was the attorney for Project 7 and that in any discussion regarding the Establishing Contract, he cannot provide any legal advice to member entities with potentially adverse interests.

Technical Advisory Group

Mr. Scott Murphy explained the process for the RFP envisioned by the TAG. He explained that he used the City of Montrose’s template for procurement and then customized this form with input from Manager Turner and Attorney Silvestro. Key take-aways from the TAG discussions were to capitalize on current facilities and to prepare for emergency operations and potential disruption of water delivery to plant, including further study of how to draw water from Cerro, how it would be allocated between the entities during a shortage, and how to distribute water if the transmission line is damaged.

The consensus of the Board was for Mr. Murphy and Manager Turner to move forward with the RFP for both the Facility Master Plan and Emergency Plan.

Old Business

Mr. Greg Swartz presented a memo summarizing his work to categorize and classify Resiliency Program expenses. Mr. Swartz explained that this process wasn’t intended to be a final report but to serve as a point of reference. Mr. Swartz said that he compiled, reviewed and categorized the expenses so that now every expense is linked to an invoice. Every invoice is a link to a requisition submitted to a funding source, and then each requisition reconciles in total to an individual agreement.

Mr. Swartz reported that the 2021 and 2023 loans are no longer outstanding. Roughly $7.1Mil was de-obligated and refinanced through the 2024 loan.

Mr. Hancy was asked his opinion of Mr. Swartz’s report, and he said he would need to review it in more depth but would plan to report back on this at the Board's June meeting. Mr. Hancey said it was a summary and not an audit.

Director Miles said that at the April Board meeting he thought the new CFO was supposed to give the report of the Resiliency Program financials and instead Mr. Swartz presented it. Director Miles reminded the Board that he had asked for an audit of all resiliency expenses and that this was an accounting for expenses and debt for only 4 years.

Chairperson Ripp said there never was a motion to have an audit at the April meeting, but there was consensus that the Board wanted an accounting of resiliency expenses and that's what Mr. Swartz did. Chairperson Ripp also noted that the report was quite detailed.

Director Bries noted at this time that there needed to be some discussion about rates at the next meeting in June.

New Business

Director Miles suggested to the Board the formation of another advisory group for financial advice to be formed like the TAG with qualified representatives from each of the individual entities. Director Miles said the business advisory group could look into Project 7 finances as well as any potential recommendations for amending the Establishing Contract. He said he would like to have Mr. Scott Murphy be a representative on the new group. The Board discussed this proposal and potential concerns regarding the composition of this group and potential burden on different member entities.

At this time Director Miles said he was a volunteer and not getting paid. Chairperson Ripp said that the Board Members do get paid $100.00 per month. Director Miles said he did not know that. Manager Turner told him that the former Director from Chipeta, Mr. John McCollum, turned down the payment previously and that had not been restarted when Director Miles was appointed as a new director for Chipeta. Director Miles responded that he did not want the compensation either.

Mr. Andy Mitchell (representative on the TAG from Delta) informed the Board that Delta is short staffed and that he would continue with the TAG group but couldn’t commit to another group.

Chairperson Ripp asked Director Miles if he wanted to make a motion on his proposal.

Director Miles moved to form an advisory group to give a business perspective to the Board. Director seconded. The motion failed to pass with 2 votes for and 3 votes against. Director Miles and Director Bries voted in favor. Alternate Director Foreman, Director White, and Chairperson Ripp voted against.

Chairperson Ripp suggested to the Board to go back to each of their entities and ask their staff if they have the bandwidth to join a business advisory group. The Board also discussed the possibility of looking to the TAG for further direction on these issues.

Future Agenda Items

The Board agreed that the June meeting agenda should include an item to discuss rates.

Executive Session

At 6:50 p.m.,Chairperson Ripp asked for a motion to go into Executive Session pursuant to C.R.S. 24-6-402(4) (a) to discuss negotiations for possible property purchase to support existing Water Treatment Facility site. A motion was made, seconded and passed unanimously.

Executive Session was closed at 7:25p.p.m. Chairperson Vicki Ripp reconvened the public portion of the Regular Meeting and 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 Sesion were Vicki Ripp, Scott Murphy, Matt Miles, Kathy Calkins, Leroy Foreman, Ron White, Adam Suppes, David Bries, Adam Turner, Aaron Hancey, Tessa Scharf, and James Silvestro (zoom).

Chairperson Ripp asked for a motion to adjourn.

Alternate Director Foreman moved to adjourn the meeting, and Director White seconded. The motion passed unanimously.

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Chairperson

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Secretary