MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE INDIAN HILLS WATER DISTRICT HELD MAY 21, 2026

A Regular Meeting of the Board of Directors (referred to hereafter as the "Board") of the Indian Hills Water District (referred to hereafter as the "District") was convened on Thursday, the 21st day of May, 2026, at 6:30 p.m. The District Board meeting was held and properly noticed to be held in person at the Grace Hill Community Church, 23338 Isoleta Road, Indian Hills, CO 80454. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:
Mike Cunningham, President
Kristin Waters, Treasurer
Marc Rosenberg, Assistant Secretary
Kevin Rees, Assistant Secretary

Also In Attendance Were:
Diana Garcia; Special District Management Services, Inc. ("SDMS")

Residents In Attendance:
Mike Patterson
Sandy Patterson
Cary Cann
William Buchanan
John Beard
Ron Matson
Beth Matson
Pixie Morris
Sally Ochsner
Henry Bushman

ADMINISTRATIVE MATTERS

Call Meeting to Order: The meeting was called to order at 6:35 p.m.

Confirm Quorum and Present Disclosures of Potential Conflicts of Interest: The Board called the meeting to order, noted a quorum was present and discussed the requirements of Colorado law to disclose any potential conflicts of interest or potential breaches of fiduciary duty to the Board and to the Secretary of State. The members of the Board were requested to disclose any potential conflicts of interest with regard to any matters scheduled for discussion at this meeting and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with Statute.

Meeting Location/Manner and Posting of Meeting Notice: The Board entered into a discussion regarding the requirements of Section 32-1-903(1), C.R.S., concerning the location of the District's Board meeting. The Board meeting was held via videoconference. Ms. Garcia reported that notice was duly posted and that no objections to the manner of the meeting or any requests that the manner of the meeting be changed by taxpaying electors within the District boundaries have been received.

Agenda/Director Absence: The Board reviewed the Agenda for the District's Regular Meeting.

Following discussion, upon motion, duly made by Director Cunningham, and seconded by Director Waters upon vote, unanimously carried, the Board approved the Agenda, as amended, and excused the absence of Director Pesce.

Minutes: The Board reviewed the March 19, 2026 Regular Meeting Minutes.

Following discussion, upon motion, duly made by Director Waters, and seconded by Director Cunningham, upon vote, unanimously carried, the Board approved the March 19, 2026 Regular Meeting Minutes, as amended.

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OPERATIONS REPORT

Operator's Report: It was reported that on May 21, 2026 there was a main water break. An Xcel contractor was repairing a power line and they damaged a water main on San Isabel Road. Mr. Joe Walton made the repair within hours of incident and it was noted customers were kept informed.

There have been no additional major leaks reported.

The Board discussed the recent water leaks and explained why such leaks are expected to occur over time. The Board noted that the District's water distribution system was installed in the mid-1970s and that many of the water lines were laid over large rocks. As the ground naturally shifts over time, stress is placed on the pipes, resulting in periodic leaks. The Board further noted that replacing the District's entire distribution system is estimated to cost approximately over $10 million, which is currently beyond the District's financial capacity. The Board discussed the District's eligibility for grant funding. It was noted that the Indian Hills Water District generally does not qualify for many grant opportunities because funding is typically prioritized for districts with greater financial need. The Board further noted that the District's history of fiscal responsibility has limited its eligibility for certain grant programs.

It was also reported that the air dryers for the air compressors are scheduled to be installed the week of May 25th and that the Memcor & Miex building motor has been installed and that a spare motor is now being kept on the shelf in the District shop for emergencies.

Status of Zone 3 Leak: The Board discussed the status of the Zone 3 leak(s). No new leaks have been found.

Storage Tank Levels and Nitrate Level: The Board discussed the Storage Tank Levels. It was noted that the tank levels were as follows: Zone 1-18.43ft, Zone 2-10.46ft, Zone 3- 14.69 ft. It was noted that the nitrate level is as follows: 4.55mg/L.

Status Report/2025 Project Priority List:

Increase Microfiltration: The Board discussed the increase in microfiltration. It was reported that the parts are being shipped and some will not be delivered until the end of June. Mr. John Lewis is overseeing the project.

GIS Project: The operations team will be completing a training with iamGIS to finalize the project. Operations is working to improve accuracy of the District maps by updating the mapping resolution from six feet to eighteen inches.

2/3 Booster - PRV upgrade – The 2/3 Booster upgrade will be completed in June 2026.

Water reconciliation report: Ms. Garcia finalized the report. It will be sent to Director Rees and Director Waters for review.

Wells 7 and 8: It was reported that the wells were taken offline because the nitrate levels were very high. Now with the new nitrate removal equipment, the District can bring the wells back online. Aqua Engineering will be contacted to complete the application. Wells 7 & 8 motors and pumps are installed, and operations is trying to locate any valves underground for the wells.

Generator backup at M&M plant: The Board discussed the generator backup project at the M&M plant. They are waiting for the generators to be delivered. Per Altitude Electric, the new generators have shipped The purchased propane tanks were delivered by Mr. Joe Walton and installed. The electrical installation is scheduled between June 2nd and June 4th. - 4 for the electrical installation.

Conservation Status: The Board discussed water conservation status. It was noted that the District remains in Phase II conservation. The tank levels are being checked daily.

PUBLIC COMMENT

Public comment was received from several attendees.

Mr. Buchanan asked how much water was saved by repairing previous leaks. It was noted gains were minimal. Another question was raised regarding the District's GIS system and its ability to provide mapping information. The Board explained that GIS will assist the District in identifying the locations of water lines, valves, hydrants, and other system components. A discussion was held regarding moratoriums and the Board's role in decisions related to future development. The Board noted that it does not determine when or where a property owner builds. The Board further discussed that denying a tap connection could create a hardship for property owners, who may then pursue drilling a private well, which could be more detrimental to the overall water system than allowing the sale of a tap.

Mr. Matson commented that demographics within the District have changed and that water conservation has historically been a way of life for District residents. Mr. Matson asked what the impact would be when inactive taps are brought back into service and expressed his belief that the District may be better served by relying more heavily on wells. Director Cunningham responded that the District's responsibility is to provide safe, potable water to its residents. Mr. Matson expressed concern regarding potential development at 5200 Parmalee Gulch and the potential impacts to the District's water system.

Ms. Cann asked if Turkey Creek is the number one producer? It was noted that well #5 is the biggest producer.

Mr. Paterson noted that conservation phase does not mean customers will automatically reduce their usage. Mr. Paterson asked if wells and taps are both allowed. It was noted that if a property with a well applies for tap, they must agree to abandon the well. He expressed concern regarding development of 5200 Parmalee Gulch.

Mr. Beard would like to discuss the options to transfer easement from his name to the District. Ms. Garcia will contact Counsel to discuss.

FINANCIAL MATTERS

Accounts Payable: Ms. Garcia reviewed with the Board the accounts payable.

Following discussion, upon motion, duly made by Director Waters, and seconded by Director Cunningham, upon vote, unanimously carried, the Board approved and/or ratified approval of the payment of claims excluding the Soda Lakes invoice in the amount of $18,000.

<u>Cash Balance Status Reports, Fund Class Report, Cash Flow Statement and Accounts Receivable Aging Report/Customer Past Due</u>: Ms. Garcia reviewed with the Board the Cash Balance Status Reports, Fund Class Report, Cash Flow Statement and Accounts Receivable Aging Report/Customer Past Due.

Following discussion, upon motion, duly made by Director Rosenberg, seconded by Director Waters and, upon vote, unanimously carried, the Board approved the Cash Balance Status Reports, Fund Class Report, Cash Flow Statement and Accounts Receivable Aging Report/Customer Past Due.

<u>Unauthorized Connection Fee</u>: The Board discussed adding a $500.00 per day fine for unauthorized connections to the Indian Hills Water District Schedule of Water Rates, Fees, and Charges.

Following discussion, upon motion, duly made by Director Rosenberg, seconded by Director Cunningham and, upon vote, unanimously carried, the Board approved adding a $500.00 unauthorized connection fee to the Indian Hills Water District Schedule of Water Rates, Fees, and Charges.

<u>Proposed Accounting Reporting Changes</u>: The Board deferred discussion at this time.

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<u>LEGAL MATTERS</u>

<u>Resolution No. 2026-05-01 Amending the Indian Hills Water District's Rules and Regulations and Establishing Related Fees and Charges</u>: The Board reviewed Resolution No. 2026-05-01 Amending the Indian Hills Water District's Rules and Regulations and Establishing Related Fees and Charges.

Following discussion, upon motion, duly made by Director Waters, seconded by Director Cunningham and, upon vote, unanimously carried, the Board adopted the Resolution No. 2026-05-01 Amending the Indian Hills Water District's Rules and Regulations and Establishing Related Fees and Charges.

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<u>MANAGEMENT ITEMS</u>

<u>Status of PFAS Settlement</u>: Ms. Garcia reports that the District had received two settlement payments: $14,233.98 from the Tyco settlement and $5,921.78 from the BASF settlement, and the funds were deposited accordingly.

<u>Unauthorized Tap Connection at 4354 Picutis Road</u>: The Board discussed the unauthorized tap connection at 4354 Picutis Road. Operations is checking the meter to ensure no water usage as requested. The customer has not contacted the District to submit and application or make payment.

Water Vending Machine Status: The Board discussed the status of the water vending machine. Per operations, they are experiencing more frequent issues with the water vending machine. Director Waters reported she has found a company for a new machine that is manufactured in North America. Director Waters is looking further into the company.

Change Order No. 1 from Memcor Services: The Board reviewed Change Order No. 1 for Memcor Services.

Following discussion, upon motion, duly made by Director Waters, seconded by Director Cunningham and, upon vote, unanimously carried, the Board ratified approval of Change Order No. 1 for Memcor Services.

Communications During Water Emergencies: The Board discussed communication procedure during a water emergency. It was noted that customers should the District's operator directly in the event of a water emergency. The Board agreed to send a communication notice to customers outlining the appropriate emergency contact procedure and identifying who to call during a water emergency.

OTHER MATTERS Director Cunningham reminded residents that the District's next regular election will be held in 2027 and there will be two Board vacancies. The Board encouraged interested residents to begin considering serving on the Board and to contact the District if they would like additional information.

ADJOURNMENT There being no further business to come before the Board at this time, the meeting was adjourned without objection.

Respectfully submitted,

By: Diana Garcia

Secretary for the Meeting