

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE INDIAN HILLS WATER DISTRICT HELD JULY 16, 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 16th day of July, 2026, at 6:30 p.m. The District Board meeting was held and properly noticed to be held via Zoom. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

Mike Cunningham, President
Kristin Waters, Treasurer
Tony Pesce, Assistant Secretary
Kevin Rees, Assistant Secretary
Marc Rosenberg, Assistant Secretary

Also In Attendance Were:

Diana Garcia and Kaitlyn Toman; Special District Management Services, Inc. (“SDMS”)

Joy Tatton; Tatton & Co.

Paul Grant – Headways Consultant LLC

Residents In Attendance:

William Buchanan
Ron Matson
Ben Cherrey
Sarah Cherrey
Michael Miller
Steve Hosey
Sally Ochsner

ADMINISTRATIVE MATTERS

Call Meeting to Order: The meeting was called to order at 6:30 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

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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: 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.

Minutes: The Board reviewed the May 21, 2026 Regular Meeting Minutes.

Following discussion, upon motion, duly made by Director Waters, and seconded by Director Rosenberg, upon vote, unanimously carried, the Board approved the May 21, 2026 Regular Meeting Minutes.

Authorizing Interested Board Members to Attend 2026 Special District Association's Annual Conference in Keystone: The Board discussed authorizing interested Board Members to attend the 2026 Special District Association's annual conference in Keystone.

Following discussion, upon motion, duly made by Director Rosenberg, and seconded by Director Cunningham, upon vote, unanimously carried, the Board authorized interested Board Members to attend the annual conference.

OPERATIONS REPORT

Operator's Report: It was reported that the Gallery Well had been cleaned; however, it is currently producing approximately 8 gallons per minute. Water will need to be hauled to assist with filling the Zone 1 tanks. The ORC will contact Sky Country regarding flushing the Gallery Well again. The ORC noted the pipe connection at Zone 2 has been completed, allowing the tank to be filled without the need for climbing. This will allow for easier water delivery.

It was also reported that a few transponders will need to be replaced. The ORC and his team will contact Badger to arrange for the return of the old equipment

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and obtain a credit.

Status of Zone 3 Leak: The Board discussed the status of the Zone 3 leak(s). It was reported that there is currently no evidence of a significant leak. Three leaks were identified in March.

Director Rosenberg recommended purchasing hydrant defenders for all 32 hydrants at an estimated cost of \$200 per unit, for an approximate total cost of \$10,000.

Mr. Grant and Operations will coordinate the installation of the hydrant defenders and obtain the necessary keys for the fire station.

Following discussion, upon motion, duly made by Director Pesce, and seconded by Director Rosenberg, upon vote, unanimously carried, the Board approved ordering the hydrant defenders.

Storage Tank Levels and Nitrate Level: The Board discussed the Storage Tank Levels. It was noted that the tank levels were as follows: Zone 1-3.37ft, Zone 2-10.51ft, Zone 3- 10.35ft. It was noted that the nitrate level is as follows: 5.00mg/L.

Status Report/2026 Project Priority List:

Increase Microfiltration: The Board discussed the increase in microfiltration. It was reported that Mr. Lewis has completed work at the M&M and Turkey Creek treatment plants. Mr. Grant noted that the level sensor needs to be replaced. An estimated cost of \$300.00 will cover the purchase of two spare sensors. Additionally, three replacement membranes need to be ordered.

GIS Project: The Board discussed the GIS Project. It was reported that the work is 25% complete.

2/3 Booster - PRV upgrade – Mr. Grant noted this project is not yet complete.

Water reconciliation report: Ms. Garcia finalized the report and sent it to Director Waters and Director Rees.

Wells 7 and 8: It was reported that Wells 7 and 8 produced no water when tested. Operations will investigate to determine what may be impeding flow. Mr. Walton will assist with further troubleshooting, as needed. Mr. Grant pointed out that the water line also needs to be extended to Building #5. AQUA Engineering will submit the required application. Mr. Grant is currently working with AQUA to gather the information necessary to complete the application.

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Generator backup at M&M plant: The Board discussed the generator backup project at the M&M Plant. It was reported that the work has been completed, and the system is fully operational. As of July 10, 2026, generators are in place at all sites.

Conservation Status: The Board discussed the District's water conservation status and the implementation of Phase III water conservation measures. Due to the need to haul water to maintain adequate levels in the Zone 1 tanks, Phase III water conservation measures were triggered.

Following discussion, upon motion duly made by Director Cunningham and seconded by Director Waters, and upon a unanimous vote, the Board approved implementation of Conservation Phase III, effective July 17, 2026.

PUBLIC COMMENT

Public comment was received from several attendees.

Mr. Matson read a letter to the Board expressing concerns regarding what he perceived as dismissive behavior. Director Cunningham responded to certain matters raised in the letter.

Mr. Patterson expressed concerns regarding 5200 Parmalee Gulch.

Mr. Cherrey thanked the Board and discussed his well, which was drilled on January 14, 2026. He reported investing approximately \$50,000 in the well and stated that he believes he followed the proper process. Mr. Cherrey emphasized the importance of water conservation and stated that he plans to move his laundry operations offsite.

Ms. Cherrey expressed her desire to be involved in and contribute to the community.

Mr. Buchanan asked questions regarding Wells 7 and 8. It was explained that the wells were taken offline due to elevated nitrate levels. Because the District has the new nitrate removal system, the wells with elevated nitrate levels may be returned to service now that Memcor will allow increased flow through the treatment system.

Director Cunningham offered to provide Mr. Buchanan with a tour of the District's facilities.

Ms. Ochsner expressed interest in taking a tour of the District's facilities.

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Mr. Hosey expressed his appreciation for the time and effort contributed by the Directors and encouraged other members of the community to consider serving on the Board. He also encouraged the Board to review the facts and circumstances regarding 5200 Parmalee Gulch.

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.

Cash Balance Status Reports, Fund Class Report, Cash Flow Statement and Accounts Receivable Aging Report/Customer Past Due: Ms. Toman 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 Waters, seconded by Director Rosenberg 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 and approved the changes to the Cash Position report.

2025 Audit: Ms. Tatton reviewed with the Board the 2025 Audit.

Following discussion, upon motion, duly made by Director Cunningham, seconded by Director Rosenberg and, upon vote, unanimously carried, the Board approved the 2025 Audit and authorized the execution of the Representations Letter.

2027 Preliminary Budget: The Board discussed the 2027 preliminary budget. SDMS, accountant and Operations will discuss the preliminary budget and items to include. SDMS will prepare for draft review in September.

Proposed Accounting Reporting Changes: The Board discussed the proposed accounting reporting changes. Director Rees provided a change to the cash position statement.

LEGAL MATTERS Well Permit for 5200 Parmalee Gulch: The Board discussed the well permit for 5200 Parmalee Gulch. The District filed an official complaint with the State Engineer. This is an ongoing matter, and no additional update was provided at this time.

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EXECUTIVE SESSION: Following discussion, upon motion, duly made by Director Waters, seconded by Director Rosenberg and, upon vote unanimously carried, the Board entered into an Executive Session pursuant to Section 24-6-402(4)(e), C.R.S., to develop negotiation strategies and instruct negotiators regarding negotiations with Pine Preservation LLC at approximately 9:03 p.m.

RETURN TO OPEN PUBLIC MEETING: Following discussion, the Board came out of Executive Session at approximately 9:32 p.m.

MANAGEMENT ITEMS

Status of PEAS Settlement: There were no updates at this time.

Unauthorized Tap Connection at 4354 Picutis Road: There were no updates at this time.

Water Vending Machine Status: The Board discussed the status of the water vending machine. Director Waters provided an update regarding a new machine that has been identified as a potential replacement. She reported that the new machine will operate similarly to the current machine and will connect to the existing filtration system. The machine is manufactured in the United States.

Director Waters will research the merchant fees associated with accepting credit card payments through the new machine.

Following discussion, upon motion, duly made by Director Cunningham, seconded by Director Rosenberg and, upon vote, unanimously carried, the Board approved purchasing the water vending machine for an amount not to exceed \$8,950.00.

Get It Done Snow & Lawn, LLC Change Order #1: The Board reviewed the Get It Done Snow & Lawn, LLC Change Order #1.

Following discussion, upon motion, duly made by Director Rosenberg, seconded by Director Waters and, upon vote, unanimously carried, the Board ratified approval of the Get It Done Snow & Lawn, LLC Change Order #1.

Proposal from Mr. Fred Bramlet: The Board reviewed the proposal from Mr. Fred Bramlet for painting the well house at Turkey Creek.

Following discussion, upon motion, duly made by Director Waters, seconded by Director Cunningham and, upon vote, unanimously carried, the Board approved the proposal for painting the well house at Turkey Creek.

Proposal from Mr. Fred Bramlet: The Board reviewed the proposal from Mr. Fred Bramlet for repairs at the Turkey Creek Plant.

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Following discussion, upon motion, duly made by Director Cunningham, seconded by Director Waters and, upon vote, unanimously carried, the Board approved the proposal for repairs at the Turkey Creek Plant.

Request from 5375 Cheyenne Road: The Board discussed the request from 5375 Cheyenne Road. Director Cunningham explained the timeline and action by the District and advise from District Counsell s. Director Waters and Director Cunningham will visit the site again. No action was taken at this time.

New Construction at 5253 Giant Gulch Road: The Board discussed the new construction at 5253 Giant Gulch Road. It was noted the Board will need additional information to make a decision regarding this tap.

OTHER MATTERS

None.

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