MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF LITTLE THOMPSON WATER DISTRICT

The Board of Directors of Little Thompson Water District (LTWD) met in regular session on Thursday, July 16, 2026. Attendance was as follows:

Board of Directors:
Emily McMurtrey, President
Bill Szmyd, Vice-President
Larry Brandt, Treasurer
Ryan Heiland
Ed Martens
Garret Maurer
James J. Walker

Staff in Attendance:
Amber Kauffman, District Manager
Angela Diekhoff, Business Manager
James Sutherland, Water Resources Manager
Reese Saxton, Operations Manager
Judy O'Malley, Recording Secretary

Other Attendees:
Kevin Kimball, Audit Manager of The Adams Group LLC; Kristin Golliher, CEO and Founder and Annika Deming, Associate Account Director II of Wildrock PR and Marketing (via teleconference)
Steve Hilde, Redtail Estates Developer and District Resident

CALL TO ORDER

The recitation of the *Pledge of Allegiance* occurred, followed by President Emily McMurtrey calling the meeting to order at 5:03 p.m.

ROLL CALL

Roll call was taken.

A quorum of the Board was present with seven of seven members in attendance.

AGENDA REVIEW

District Manager Amber Kauffman requested the Board table Agenda Item 6.4 Berthoud Annexation Agreement due to a request for last minute changes.

It was moved by President McMurtrey and seconded by Director Bill Szmyd to table Agenda Item 6.4 Berthoud Annexation Agreement as requested. Motion carried unanimously.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

President McMurtrey opened the Public Comments period at 5:04 p.m. for non-agenda comments. There were no public comments on non-agenda items, and the Public Comments period was closed.

CONSENT AGENDA

It was moved by Director Szmyd and seconded by Director Larry Brandt to approve the Consent Agenda, including:

- **Minutes of the June 18, 2026, Regular Board Meeting**
- **Tap List 726**
- **June 2026 Disbursements in the amount of $ 2,863,861.00**
    - **Operating Account: $ 2,253,232.65**
        - **ACH Manual Check Numbers 7334 to 7410 - $ 1,689,485.25**

- **Manual Check Numbers 13015 to 13061 - $563,747.40**
- **<u>Payroll Account: $</u> <u>610,628.35 (Three bi-weekly payroll periods paid in June)</u>**
  - **ACH Transmittal Vouchers 2839 to 2859 - $294,572.36**
  - **ACH Direct Deposit Numbers 15747 to 15872 - $316,055.99**
- **June 2026 Financial Report**
- **Amended and Restated Development Waterline Improvement Agreement for River Subdivision**

The motion carried unanimously.

DISCUSSION ITEMS

<u>2025 Audit Presentation:</u>

Business Manager Angela Diekhoff introduced Kevin Kimball with The Adams Group, LLC (TAG). Mr. Kimball presented the results of the 2025 audit to the Board. The 2025 audit was conducted in accordance with auditing standards generally accepted in the United States of America (US).

- The audit presented to the Board was marked as a draft version, however, there would not be any changes to the final audit.
- The significant accounting policies used by the District are in accordance with US Generally Accepted Accounting Principles (GAAP) and for preparation of the supplementary information in accordance with the applicable criteria. No new accounting policies were adopted, and the application of existing policies were not changed during 2025.
- TAG did not note any transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.
- Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were outlined. TAG evaluated the methods, assumptions, and data used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
- Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure is that the beginning balance for the year ended December 31, 2024, was restated due to a correction of an error in the prior year financial statements.
- TAG did not encounter significant difficulties or disagreements in dealing with management in performing and completing the audit. For auditing purposes, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report.
- Corrected and uncorrected misstatements identified during the audit, other than those that are clearly trivial, were communicated to the appropriate level of management.
- TAG applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements.
- TAG was engaged to report on the Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis) which accompany the financial statements. Inquiries were made of management and the form, content, and methods of preparing the information to determine that the information complies with US GAAP was evaluated; the method of preparing this information has not changed from the prior period, and the information is appropriate and complete in relation to the audit of the financial statements. The supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves was compared and reconciled.

The Board posed questions for further clarification on items including how LTWD compares to other similar entities on accounting practices and expenditures. Mr. Kimball advised that TAG is not allowed to disclose information about other entities; however, they do make recommendations on updates to procedures when appropriate.

WildRock Semi-annual Presentation:

Kristin Golliher and Annika Deming of WildRock PR and Marketing presented their Communications Update to the Board:

The 2026 communication goal is to deepen customer trust and reinforce industry authority by providing clear, practical, and transparent guidance on water quality, conservation, and long-term resource planning. Through multiple sources WildRock will help the LTWD community understand what is happening, why it matters and how to make informed decisions; positioning LTWD as a trusted partner today and a responsible steward for the future.

The District's 2026 communications strategy focuses on proactive, clarity-driven guidance anticipating customer questions to reduce friction before it arises. Using multiple communication channels to implement LTWD's communications strategy, WildRock will pursue the following objectives:

- Strengthening the website as the primary source of customer clarity.
- Use long-form content to proactively explain complex topics.
- Delivering platform-specific social content that reduces confusion and reinforces trust.
- Use print strategically to guide customers to deeper resources.
- Maintain high-performing email communications while improving customer action.

WildRock has helped LTWD customers understand water use, allotments and costs, conservation programs and seasonal guidance, and water quality, supply, and long-term planning.

Ms. Golliher and Ms. Deming reviewed the Key Performance Indicators (KPIs) of the communication channels' performances, and the second half communications focus. Many of the KPI's were ahead of or an track to meet the annual goals, estecially in regards to Facebook and Instagram engagement rates and follower growth, Nextdoor impressions, and website use. There was some opportunity to focus on things lagging behind such as education engagement time on teh website, email open rates and conservation program enrollment.

Discussion occurred regarding ways to assist customers find information specific to them more easily and if the website click-rate includes LTWD employees and board members. Ms. Golliher and Ms. Deming both advised that WildRock filters the website visit results as much as possible to not include LTWD employees.

Redtail Estates Variance Request:

District Manager Kauffman provided the following information to the Board:

The developer for Redtail Estates, Arrowhead Properties, LLC (Steve and Tracy Hilde), has been working on the large lot development for years. The property was historically served by a 2-inch meter in southwest Larimer County. The first commitment letter request was made in July 2018 for development on the property. The 2-inch water meter was not required for the property development as proposed, so LTWD had the developer properly remove the meter in exchange for the equivalent minimum water dedication of 5.6 acre-feet (ac-ft), the equivalent of eight, 5/8-inch Standard Residential Taps. The developer is also required to upgrade the pump station that serves that area of the District and upsize the 6-inch waterline along Larimer County Road (LCR) 4 to an 8-

inch line. The subdivision was finally platted in March 2023 by Larimer County. At the time the plat was recorded, LTWD was requiring 0.70 ac-ft for the size of lots platted in Redtail Estates. LTWD changed the water dedication required for large lots in 2024 after a study based on lot size and estimated water usage for landscaping on typical urban lots found that the lots larger than 17,000 square feet require 1.1 ac-ft to meet water demands of those landscapes. The developer has proposed to amend the covenants of the Homeowners Association (HOA) documents to restrict the amount of non-native turf to meet the intent of the 5/8-inch Standard Tap water allotment.

Discussion occurred regarding the current HOA covenants, what would need to be changed in those covenants to assure customers would not go over the 5/8-inch Standard Tap water allotment, and how to prevent future changes to the covenants that would negatively affect customer water usage.

It was moved by Director Ryan Heiland and seconded by Director Ed Martens to instruct Staff to work with Mr. Hilde to come to an agreement on the square footage of turf grass usage and the number of livestock allowed on all lots. The updated agreement is to be brought back to the Board for final approval before the variance request is granted. The motion carried unanimously.

Director Heiland thanked Mr. Hilde for working with the District on the necessary infrastructure improvements and changes to the HOA Covenants.

Intergovernmental Agreement (IGA) for Engineering Services at Hicks Legacy Regional Water Authority:

District Manager Kauffman reviewed the IGA with the Board and advised that the IGA allows Central Weld County Water District (CWCWD) to bill all participating entities for Jacobs Engineering's services for initial water quality review and treatment evaluation.

It was moved by Director Szmyd and seconded by President McMurtrey to adopt the CWCWD IGA for Engineering Services at Hicks Legacy Regional Water Authority. Motion carried unanimously.

Carter Lake Filter Plant (CLFP):

District Manager Kauffman provided a summary of the meeting:

- **Pretreatment Project.** NoCo Engineering met with Larimer County on June 23. A new submittal was made for the site plan for Larimer County review. The review typically takes 30 days, but Larimer County will allow construction to progress and anticipates a less than 30 day turnaround. Poudre Valley Rural Electric Association (PVREA) received approval from the Bureau of Reclamation to set up new power poles. The construction schedule for the pretreatment project was received. This schedule indicates that the pretreatment project will be completed by October 2028. That schedule indicated that they assumed the building permit would be approved on July 8. This date is not the current expectation.
- **Neighbor Complaints.** Rice Lakes West held a neighborhood meeting on Tuesday, July 14.
- **New St. Vrain Canal Outlet.** The new outlet along the canal for the pretreatment project will only be for CLFP. Northern Colorado Water Conservancy District (Northern Water) has decided not to participate.
- **Steel 5 Million-Gallon (M-G) Tank Re-coating.** The project has been completed, and the tank was put back in service on July 3.

- **Equipment Maintenance.** There had been several equipment failures recently, one of which was a flow meter on Cell 6. CLFP Staff had a replacement meter on hand and was able to quickly replace the failed item. Discussion was held at the LTWD Board meeting regarding a Remove and Replace schedule for CLFP equipment.
- **Dry Creek Reservoir.** CLFP Staff were monitoring water quality in Dry Creek Reservoir as it had been declining. If the quality continues to decline the Dry Creek pump may need to be shut down. Discussion occurred regarding the process of refilling Dry Creek Reservoir.

STAFF REPORTS

District Manager's Report: District Manager Kauffman presented the following information to the Board:

- **Strategic Goals Update**. Managers have been meeting with Staff to create plans for each of the strategic goals that are SMART (Specific, Measurable, Achievable, Realistic, Time Bound). The result of these efforts will be presented in August.
- **Northern Water.** Brad Wind, the general manager at Northern Water, came to LTWD's offices on July 1 to discuss any potential interest in the Northern Integrated Supply Project (NISP). If LTWD is interested, Northern Water would request notification by September so that allotment contracts can be written with construction expected to start next year on the Glade Reservoir portion of the project. The allotment contracts will likely include a right of first refusal for participation in Galeton storage, the wholly consumable portion of the project. Ms. Kauffman asked if the LTWD board is interested in reviewing the pros and cons of investing in the project to which the Board expressed interest in an evaluation for discussion at the September meeting.
- **Hicks Legacy Water Authority.** Ms. Kauffman attended a Hicks Legacy Water Authority meeting at CWCWD offices on Thursday July 2, where the group of potential members were introduced to the Jacobs Engineering team for water treatment. The team was well prepared to discuss desired outcomes from the group. The engineering team also discussed the need for some limited additional water sampling, the need to consider timing and source of water deliveries, not just immediate delivery of all waters, and additional consideration for future water regulations and impacts to disinfection byproducts.
- **Handy Ditch Company (Handy).** Ms. Kauffman and the LTWD engineering team met with representatives from Handy on July 2 to discuss design parameters of the H2 project. Handy is experiencing some of the lowest water levels in their reservoirs that any current irrigator has seen and there may be opportunity to construct LTWD's infrastructure that is in the reservoir this year if timely negotiations allow.
- **Town of Berthoud (Berthoud).** Ms. Kauffman met with Ken Matthews, Berthoud's utility director, on Monday, July 6. Discussions included development and growth, H2 and RFO projects, capital projects, NISP, and other issues common to both entities.
- **South Platte Roundtable.** Discussion included low and no regrets on water storage projects, the idea that "the soil is your biggest reservoir," drought conditions and how return flows are what is keeping the Eastern Colorado farmers going, and how much of the snowpack in the 2026 – 2027 season will be absorbed into the soil next year.

Business Manager's Report: Business Manager Diekhoff presented the following information to the Board:

- **Server Update.** Staff received the quote for the server upgrade, and the cost came in significantly higher than the approved budget. Staff asked the District IT consultants, Stratus, to evaluate alternative options including purchasing used replacement parts to keep existing servers operational for another one to two years or obtaining quotes for lower-cost server solutions. While these alternatives could provide cost savings, they may also increase the risk of downtime if a server fails, so Staff will need to carefully evaluate whether that level of risk is acceptable for District operations. At this time, Staff does not believe moving forward with the currently quoted server replacement is financially acceptable. Work will continue with Stratus to identify the most cost-effective and reliable solution.

- **Rate Study.** At the June Board meeting, Kevin Burnett of Willdan Financial presented the preliminary rate study; however, Ms. Diekhoff had only received the study hours before the meeting with no time for review. Following the meeting, District Manager Kauffman and Ms. Diekhoff had the opportunity to review the draft rate study in detail. Several follow-up questions regarding some of the financial assumptions and future financing projections were identified. How water allotments are defined and incorporated into the rate model was one of the topics noted for additional clarification. Another significant topic is the proposed non-residential rates, Ms. Kauffman and Ms. Diekhoff requested that Mr. Burnett review the most appropriate way to align the non-residential tier gallon structure with the existing residential tier rate structure to provide greater consistency. The goal is to provide the Board with the information needed to help guide discussions and decisions to begin developing the 2027 budget.

District Engineer's Report: In the absence of District Engineer Brad Eaton, District Manager Kauffman presented the following information to the Board:

- **Commitment to Serve Requests.** LTWD received 1,202 new tap, and no new Accessory Dwelling Unit (ADU) Commitment to Serve Requests in June, bringing the 2026 year-to-date total to 1,688 new taps and 10 ADUs.
- **Capital Projects.** The 30-inch Barefoot Line construction activities continue with two crews, and the pipeline portion of the project is approximately 85 percent complete. Staff met with the Town of Mead (Mead) and their consultant to discuss Mead's plans for the future interchange at Weld County Road (WCR) 38 which will impact easements for the Markham Tank inlet and outlet piping. A Land Acquisition Specialist has been engaged to assist the District with surveying access to properties along the Phil's Vault to Highway 60 line upsize route and ultimately with easements for the new pipeline.
- **Development Projects.** Developments continue to be active.
- **Other Engineering Activities.** The District continues to interview candidates for the GIS position. Two strong applicants are scheduled for second interviews.

Water Resources Manager's Report: Water Resources Manager James Sutherland presented the following information to the Board:

- **The Town of Johnstown (Johnstown) Colorado-Big Thompson Project (C-BT) Lease.** Mr. Sutherland and Operations Manager Reese Saxton met with Johnstown to work through aligning operational procedures for Johnstown taking the leased C-BT water through the interconnect.
- **Water Court Change Cases Update.** There were no significant changes to the Handy Change Case. Staff are still waiting for initial comments from various opposers. The District legal team is working through the comments from the City of Loveland (Loveland) on the Consolidated Home Supply Change Case.
- **Water Use.** June water use reported lower than expected. District Manager Kauffman noted some meters may need to be checked. Director Heiland advised that CLFP was not running as high as expected and maybe conservation efforts are having an effect on usage. Dry Creek Reservoir levels had decreased due to usage and evaporation.
- **Local Weather and Precipitation.** The weather was back to hot and dry, however, predictions called for rainstorms next week.

- **Staffing.** Water Resources Specialist Joe Pitti has resigned to accept a position with a different entity.

Operations Manager's Report and Water Quality Update: Operations Manager Saxton presented the following information to the Board:

- **Locates and Leaks.** Locates and leaks were trending on average.
- **Project Updates and Notes.** The Glade Road eight-inch water main break started at around 8:00 p.m. and was leaking roughly 1,400 gallons per minute (GPM). The Backhoe Crew worked until 5:00 a.m. the next morning to restore service. This caused a heavy disruption to service in the area and carried over into mid-morning with customer calls and questions.
- **Staffing.** Water Maintenance Foreman Gabe Smith has resigned to accept a position elsewhere.

Business Project Manager's Report: In the absence of Business Project Manager Kammy Tinney, District Manager Kauffman presented the following information to the Board**:**

- **Office Remodel, Site Improvement and Accessory Structure Project.** The office remodel is complete with only a few punch list items remaining. The move back into the space on June 23 went well, and staff are settling into their new spaces. Ms. Kauffman noted the new space feels more like a formal office. The District's legal counsel was still working with Berthoud on the site plan and annexation agreement.
- **Employee Engagement Activities.** An on-site barbecue for staff is scheduled for August 5.

DIRECTOR REPORTS

- Director Szmyd questioned if he would be able to see the EyeOnWater (EOW) data the way Staff does. Business Manager Diekhoff advised that she would schedule time with him to review the program.
- Director Heiland asked if there had been any progress on earlier requests for what data the EOW program can provide. Business Manager Diekhoff advised that Staff continued to delve into the program capabilities.
- Director Jim Walker offered kudos to Operations Manager Saxton and the Backhoe Crew for working all night to repair the main line break in his ward.
- Director Martens apologized for the inadequate infrastructure in his subdivision that frequently causes leaks.
- President McMurtrey advised that Larimer County had started looking at a program to allow development that could have happened on an agricultural piece of property be moved as credits to another portion of the County, allowing higher density in the receiving area. The County was asking for input for the program.

Upon motion duly made by President McMurtrey and seconded by Director Brandt the meeting adjourned at 7:53 p.m.

Respectfully submitted,

Amber Kauffman
Secretary