

**Board of Director's Meeting
Headwater Authority of the South Platte
June 13, 2025**

The monthly meeting of the Headwater Authority of the South Platte was held at the water district offices at 548 Front Street, Fairplay, Colorado on Friday, June 13, 2025 by video conferencing. The meeting was called to order at 10:03 AM by Dave Wissel.

Members present by telephone/video conference were Jon Rice and Dave Wissel from the Upper South Platte Water Conservancy District, and Lisa McVicker from the Center of Colorado Water Conservancy District. Present at the office was Nola Knudsen, Administrator. Lisa Barden Brown, Operations Manager for the Center of Colorado Water Conservancy District joined via teleconference. Present by telephone was legal counsel Alison Gorsevski and David Shohet.

APPROVAL OF AGENDA

Lisa Brown asked to add the removal of the tree on the Soda Springs 2 Property to add under new business. Lisa McVicker moves to accept the agenda as amended. The motion was seconded by Jon Rice and carried unanimously.

APPROVAL OF MINUTES

Lisa McVicker moved to approve two sets of minutes as presented, seconded by Jon Rice and carried unanimously.

ADMINISTRATIVE MATTERS

1. Treasurers Report and Invoices and Warrants: Jon Rice moved to table the treasurer's report and invoices and warrants for June until the next board of directors meeting and John Matteson's return.

OPERATIONS MANAGER'S REPORT

Duro-on/Tesla Campground (Acct. #146) status: David Shohet said this application is for a campground just north of Spinney Mountain Reservoir. We have been working with the applicant for almost two and a half years now. We have been ready to close for a while but the applicant keeps dragging his feet. This is turning into more of a will-service issue. John Matteson sent a letter to tell the applicant that this is the last board meeting and we provided two options to the client. Either close on the water within 30 days or enter into a will serve letter so we can reserve the water. Right now, that water is allocated and is out of our account with no payment. We can't use it for anyone else. It was sent out on the 28th of May and haven't heard a response yet from the applicant. Dave Wissel said 4.7AF was the final number. It is not a huge block of water but we have incurred a total of almost \$6500 in legal administrative time and engineering costs. There is an outstanding balance of over \$5,000 after you take off the application fee. In 2023 we did request an additional \$1,000 and have asked them to pay that within 30 days regardless of whether they want to go with the water and close or go with a will serve letter.

OLD BUSINESS

1. Long Range Planning: David Shohet said he wanted to follow-up with the Board on the Phase one planning. Alison and he have talked about the Phase 2 plan and are planning on presenting that at the August joint meeting. Phase 1 was asking about what do we have and what are we serving? Phase 2 says here are the issues and big picture problems; where is our issues to focus on? We just wanted to touch in with the board and see where the thoughts are. Jon Rice referenced the maps Matt Loose presented at the last meeting. He said there was a typo on all of the maps they did. David said that will be corrected so they can be put up on the wall. David feels they have done a very thorough job with phase 1 and have a good base to set us up for the next several phases.

Jon Rice asked about an update on the Girl Scouts application. Alison Gorsevski said she had not heard and update yet.

NEW BUSINESS

Review Draft IGA for IMMD:

Soda Springs Tree removal: Lisa Brown received a couple of quotes from two services. One out of Woodland Park, McCormack's Tree Service. They just gave Lisa a bid over the phone based on the pictures she sent. They quoted \$1,950 to limb the tree, chip anything small and remove that. They would cut the tree with larger limbs into 6' lengths. Lisa had an estimate from a second company the South Park Tree Service who met with Lisa on site and provided two options. First of all, they sent out three arborists to access the job. They peeled back the bark to identify the type of beetle it was. They were concerned about what type of beetle was present and that they hadn't flown yet to another tree. They recommend downing the tree by the middle of July so they don't spread to other trees on the property. They did look at the surrounding trees and did not see any signs of infestation. South Park Tree Service quoted \$1,200 to climb and fell the tree, remove all limbs from the main trunk, and cut all limbs and trunk into manageable haulable pieces. Option 2 was to climb and fell the entire tree, remove all limbs from the main trunk, stack into piles, and tarp over all slash in order to kill any larvae and adult beetles under the bark. Tarps will be secured to ensure any beetles that do survive are unable to infest other trees on the property. They will tarp or debark the main log to kill any beetles/larvae underneath the bark. They expect the process will take a full day for 2-3 people. Cost for the second option is \$3,500 total.

Lisa McVicker moved to offer the job to remove the tree on the Soda Springs property to South Park Tree Services at their bid of \$3,500, because of the importance of containing the beetles, and their bid includes the tarping and the extra steps so those beetles don't proliferate among our other trees. South Park Tree also recommended Pheromone packs on the other trees. Lisa Brown explained South Park Tree recommended Pheromone packs. The insects put out a hormone and these packs are the same hormone in a pack that sends out a signal that the tree is already occupied. Jon Rice asked if they were included in the \$3,500 bid. Lisa Brown said they will have to be bought separately at a cost of approximately \$6-8 per packet. Dave Wissel asked what type of tree this was? Lisa Brown said they are Ponderosa Pine.

Dave Wissel believes this is an appropriate way to handle this. Jon Rice seconded the motion that carried unanimously.

Alison Gorsevski told the Board the Rosalie decree was finally entered. There were formatting errors made but that will be cleaned up. That case is done and the water is changed. When we are ready to use it, it is ready to use.

Dave Wissel moved to go into executive session at 10:22am, pursuant to Section 24-6-402(4)(b) C.R.S. for the purpose of obtaining legal counsel on the Indian Mountain IGA.

The board returned to regular session at 10:43am. The board received legal advice on the Indian Mountain IGA. No decisions were made.

Jon Rice asked about the water broker. Alison Gorsevski said she has gathered a few names; she will start making calls to check the individuals out. Jon is excited to learn what we may be able to buy. Dave Wissel said what the Upper South Platte has been trying to do is to find small blocks of water to purchase.

Jon Rice moved to adjourn the meeting. Lisa McVicker seconded and the board adjourned at 10:47am.

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Alison Gorsevski said background, we have on multiple occasions we sold water to the Indian Mountain Metropolitan District for them to use within their water service program for a number of wells in the district. We are approximately 12.1af of augmentation water that has already been sold to them that constitutes 451 wells. The Metro district has come back to us now and is seeking to add an additional 76 wells that works out to 2af of augmentation water. Every time we have sold water to Indian Mountain, we have entered into an IGA and then amended that IGA over time. There is some litigation going on with Bar Star that is contentious. Indian Mountain is about to be able to purchase water from HASP without running afoul of the settlement agreement with Bar Star agreement. They are back and asking for the 76 wells for augmentation to begin on January 1, 2026. They would like to close on January 2nd. As long as all processes go through, we can get this done.

The 2021 IGA had several different things going on at that time. It had some differences from what we would have with a standard customer agreement. We have identified four different terms that appear in the 2021 IGA that don't seem applicable anymore. They are things we caught or missed in 2021 and then just cleaning up administrative work. Alison sent a document and identified topics we would like to get feedback from the board.

The document there is a description of the 2021 IGA, what the status is today, and what we propose certain alternatives for the board to consider for this amended 2025 IGA.

Alison said the first thing to consider is the transit losses. Back in 2021, the amount of water Indian Mountain purchased did not include water for transit losses and it probably should have. The prior acquisitions around that 12.2af, Matt Loose has determined they should have received an additional .365af of augmentation water to cover transit losses on those 12.2af that they already had purchased. Looking forward, if they purchase this additional 2af, transit losses would be .062af. So, we have this disconnect where they didn't pay transit losses in the past, so moving forward, do we charge them for transit losses? She said most customers who have upstream augmentation sources, we do apply a transit loss, which is fairly standard.

We have three alternatives we propose. Alternative 1 is to move ahead and treat them like a standard customer and have them buy water for transit loss to cover the new acquisition without looking backwards. Alternative 2 is to request Indian Mountain buy all of the water that is necessary to cover all of their transit losses. In doing that, David and she was not able to identify any independent basis to make them go back and fix this transit loss issue. We are proposing some other changes that could alternately save Indian Mountain some money. This would be part of a package deal where we would drop the storage vessel fee but then ask them to pay these transit losses. Alternative 3 is that we don't charge transit losses moving ahead for this next purchase because we have not charged them previously.

Dave Wissel likes option #1 because it conforms to our standard practices are. He thinks it would be reasonable as part of this next tranche, to ask them to make up the transit losses. A lot has changed with this storage vessel fee. For us to haul water to a vessel on Tarryall Creek probably isn't doable so we have to look at the alternatives to that. Jon Rice said that is where Aurora comes in. We have an agreement with Dawn Jewell that we would swap Michigan Creek water for Tarryall Creek water. Dave said that is the unknown. In the interim we have to get that minimum stream flow obligation. Jon said it hasn't been called yet. Jon agrees going forward and not looking back makes sense. Lisa McVicker agrees in terms of the transit losses for alternative 1 does not make sense looking back. As for the storage vessel, she thinks we should take it upon ourselves to deal with it and however that flushes out in the future.

Dave Wissel asked Alison what the administrative fee is each year? She said it is the same we would charge every customer. It includes John Matteson and Matt Loose's time, a little bit of legal that goes into getting payments, well meters read etc. Indian Mountain has this obligation to pay \$5,000 to contribute to the construction of a new storage vessel. That has not been charged to them yet. Under the 2021 agreement, they were supposed to have paid it last year. We gave them an extension and now they don't have to pay it until next year. Dave agrees there is no reason to pursue this and we should not charge them.

Alison confirmed the board agrees there will be no more storage vessel fee and she will take that out.

The next issue has to do with credit. Alison said in the 2021 agreement, Indian Mountain had requested the ability to hold credits for domestic wells. Essentially, we sold them the water but there was no specific well associated with that sale at the time we entered into that agreement. Today, Indian Mountain is not asking for any future reserve credits. What has been happening is a couple of times within the last year or two. There have been Indian Mountain customers that have been disenrolled or kicked out of the program. The question is how do we handle these customers that are no longer a part of our plan and where is the water that was allocated to go. It is almost like a reserve credit concept that lets Indian Mountain keep those credits in its bank until it can identify another well user. The proposal we have is we would allow Indian Mountain to hold reserve credits under those circumstances. The other component of this is that in 2021, the board was reluctant to let Indian Mountain have too many of these credits floating around. There was a cap under the 2021 agreement for how many credits they could have on their books before the water would have to go back to HASP.

Are we comfortable with allowing Indian Mountain to hold reserve credits when one of their customers is removed from the plan. Dave thinks if we can roll them into Indian Mountain management and devices, it makes sense. We have these wild cards due to their litigation and the moratorium on any participation with HASP while they finish up with Bar Star, we ended up with some people that were individuals that would have loved to be part of WSP but because of the restriction in the law suit, they came to us as individuals. We have had some discussions if we could roll them back into the management of Indian Mountain Metropolitan District. He asked Alison if that was doable. Alison said that is another customer for the Board. Right now, the 2021 IGA doesn't address this because it couldn't. Now that that limitation has been lifted

from Indian Mountain, we have identified seven customers that have direct contracts with Indian Mountain. Of those seven, one has said they want to go to the Indian Mountain program. We are proposing we would do a voluntary transfer. We would not be able to move those other six customers into the Indian Mountain plan but if someone is interested in moving, we could treat this as a buy back process and they would sell us back the water and we would put it under the Indian Mountain purchase. Dave Shohet said for the stand-alone customer, we could simply give that water to Indian Mountain but the problem is with the individual customer we have to go through the close out that account and go through the notice process. There would be some administrative fees to HASP. client

Other component to discuss with the board has to do with fees. Alison put together a table of what was charged in the 2021 IGA. Generally speaking, all we are proposing to do is to update the numbers. We just waived the purchase price for the augmentation water. In 2021, it was \$30,000 and now we are up to \$40,000. The administrative fee would be fairly consistent with what we do with our other customers. Dave Wissel said he believes this is consistent with what we do with regular customers.

Jon Rice moved to come out of executive session. Dave Wissel seconded and the board returned to regular session at 10:43am.