

DONALA WATER AND SANITATION DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
July 16, 2026

The Board of Directors of the Donala Water and Sanitation District met in regular session at the District's Holbein Water Treatment Facility, 15850 Holbein Drive, El Paso County, Colorado on July 16, 2026, at 1:30 P.M.

Director's Present: Wayne Vanderschuere
Bill George
Kevin Deardorff
Scott McCulloch
Kenneth Judd

Staff Present: John Kuosman
Christina Hawker
Carla Edwards
Ronny Wright
Jarred Durham

Consultants' Present: Roger Sams (GMS)
Brett Gracely (Plummer)
Linda Glesne (CEGR)

Guests: James Howald (OCN)
Jackie Burhans (OCN)
Steve King
Madeline VanDenHoek
Laura Kronick

President Vanderschuere called the meeting to order at 1:30 P.M.

Approval of Agenda:

- No changes to the agenda.

Public Comment Non-Agenda Items:

- Burhans mentioned she has been monitoring the fire by our Willow Creek Ranch property.

Review of Minutes:

- Minutes from June 18, 2026, Regular Board Meeting accepted.
 - Judd motioned to approve, Deardorff seconds, all aye.

Financial Report by Christina Hawker:

- Hawker stated that we are halfway through the year and we have 54% of revenues left to collect and 74% of expenses left to pay for Donala.
- Hawker also said the wastewater plant has a budget remaining of 61% which is on track at this point in the year.
- Hawker stated that Donala is about half of our annual water usage amount.
- George motioned to approve, Judd seconds, all aye.

Informational and Discussion Items:

- El Paso County Augmentation Water Agreement
 - Kuosman stated that El Paso County wants to add another Well to help augment their current supply.
 - Kuosman said currently the County is to replace depletions from Fountain Creek Regional Park. They perform irrigation and other public amenities, so they need the water to replace their supplies.
 - Kuosman stated that in 1957 Donala signed an agreement with the County to provide a guaranteed minimum of 70 AF of our return flows up to a maximum of 120 AF.
 - Kuosman said El Paso County is asking for us to write them a letter confirming that the terms of this agreement have not changed to firm up their Well application and Augmentation plans.
 - Kuosman said the new Well will cause no changes to this agreement, however this is a significant commitment of this water right to El Paso County and a conversation may be warranted for what our options are going forward as we strategize the use of optimal water rights in the future.
 - Kuosman said in the event that Donala converts to a surface water system in the future, Donala may substitute the current return flow water being utilized to the surface water supply. Also, new replacement sources can be added without amending the County's decree.
 - Judd asked if this agreement is being utilized currently and Kuosman said it is, but so far it has only been for core operations, and the County has been doing the accounting.
 - Judd also asked if there was any time limit on this agreement and Kuosman said during the evaluation of the agreement no time limit was noted, but he will double check.
- U.M.C.R.W.T.F. IGA
 - Kuosman stated Donala receives wastewater treatment service at the Upper Monument Creek Regional Wastewater Treatment Facility (UMCRWTF) which is co-owned by 3 entities including Donala, Triview, and Forest Lakes.
 - Kuosman said the current IGA between the entities is defined by capacity.
 - Kuosman stated Triview and Forest Lakes have verbally committed to moved out of their ownership shares of the UMCRWTF for the purposes of participating in the NMCI project with CSU.
 - Kuosman also mentioned he met with both managers form Triview and Forest Lakes two times to discuss this situation and perspectives for next steps. Kuosman also briefed Vanderschuere and Glesne on information he learned from his first meeting and in the second meeting Donala proposed an exit strategy methodology. A way that all parties could meet the required terms of their agreement and achieve their ultimate goals.
 - Kuosman stated that framework was received very positively, to the point that the other members gave Donala another alternative which achieves the same end.

- Kuosman said he received a call from Triview asking to accelerate the process to be done in this calendar year.
 - Vanderschuere asked if Kuosman knows what the latest date is to bring the NMCI online.
 - Kuosman said Triview expressed concern about completing the date on time due to some delays and stated Sams may have a more accurate timeframe.
 - Sams stated the estimate is the 2nd quarter of 2028.
 - Judd asked when we will hear the details of this proposed arrangement.
 - Kuosman stated he has asked for details by the end of July so that he can analyze it and work with legal counsel, so he can hopefully present it during August's board meeting.
 - Kuosman said that the other entities have already briefed their boards on this proposal.
- Project Options for Donala Return Flow Water Right
 - Kuosman stated that at the last board meeting he was given the direction for Water for Tomorrow (W4T), which is the term we are using for Donala to get to a higher percentage of renewable water in its portfolio.
 - Kuosman stated Donala is not in any sort of crisis or extreme draught, however we are looking to the future to make sure we are planning long-term.
 - Kuosman said having a variety of water sources is a good strategy, so we are not going all in on one water source and have a wide portfolio range.
 - Kuosman said some goals are diversification, timing and approach, conversation around cost and risk.
 - Vanderschuere stated that the Board's goal for awhile has been to move towards a renewable supply of water for the community and this is the next evolution of this process.
 - Denver Basin is our primary supply (non-renewable source, slow recharge rate).
 - Willow Creek water right (renewable surface water), which requires 3 elements for us to utilize; the water must be conveyed, must be treated, and it must be delivered. This is currently met through a contract with CSU.
 - Laughlin Water Right (surface water), requires same 3 elements as mentioned prior as well as legal and operational work to put it to use.
 - Donala has two types of Wells; non-tributary groundwater Wells (higher reusable return flows) and the not non-tributary groundwater Wells.
 - Kuosman presented project options for Donala Return Flow Water Rights:
 - Loop Water Authority in conjunction with Donala joining the NMCI project
 - Kuosman stated this option would include treatment from the Chilcott Ditch. This Ditch treatment could present some unique concerns such as, Total Organic Carbon, Total Dissolved Solids, and PFAS. Treatment for these can conflict with each other.
 - Kuosman stated that this would also include the expansion of the Callahan Reservoir. Donala doesn't need storage for out return flows for this right.
 - Kuosman also stated that we would have to figure out what to do with our current treatment facility if we chose this option and pay into the NMCI through CSU to get wastewater service for our community.

- Decommissioning the UMCRTF would also cost 3-5 million.
- Donala non-potable line from UMCWTF plant to R. Hull Replacement/Repurposing the UMCWTF
 - Kuosman stated this option will require the current facility to be repurposed to treat wastewater to all the standards to produce safe surface water and fill a surface water treatment plant at that site which would take surface water from Monument Creek and treat it to the same level as the LWA with out the unique challenges the Chilcott introduces.
 - Storage is not required for this option; we would bring it directly into our plant after it's treated.
 - Donala will not lose an asset, and we will not have to abandon our wastewater facility and pay a fee.
- Kuosman compared the two options presented and stated that based on his analysis the high end of the UMCWTF option does not overlap with the low end of the Loop and the NMCI option.
- Kuosman stated there is a potential action item later on the agenda in Executive Session to discuss continuation of payment to the LWA for the purposes of advancing the engineering design and the construction manager at-risk cost model and governance model for the purposes of getting to the low end of the LWA option. Should Donala continue with this trajectory or look at other options.
 - Judd asked if there is anything in the proposed arrangement with the other IGA members that would cause any issues with us moving forward with the UMCWTF option.
 - Kuosman stated he doesn't believe so, and he believes they present very little risk at this point.
- Kuosman discussed the flexibility of our portfolio and the path to renewable water.
- Kuosman said we can do it 100% with our groundwater wells, which is our predominant strategy currently or use Denver Basin groundwater in combination with CSU convey, treat, and deliver potable water from Pueblo Reservoir which is our Willow Creek right.
- Kuosman said if we just utilize 100% ground water it is not renewable, however if we bring in the potable water it goes up to 36% renewable which is the treated surface water.
- Kuosman stated with the wells we are completely autonomous and the cost is cheaper, however by bringing in Willow Creek we lose about 26% of our autonomy.
 - Our autonomy score would go down with the LWA option to 11% because we are bringing in a 3rd party which would add costs.
- Kuosman discussed options to capture our treated surface water returns:
 - Exchange Willow Creek water right from the Pueblo Reservoir into the LWA system or into CSU's IPR system in the future. These would both be bringing a 3rd party in so our autonomy would go down to 0%, but we would be 100% renewable. This would be same case scenario for our Laughlin water right.
 - Exchanging to the UMCRTF site or a site that allows for storage. These exchanges are harder and less secure than the exchanges to the Chilcott

Ditch, but Kuosman believes they are viable if we make investments in storage. This option gives us 100% autonomy.

- Vanderschuere mentioned that North of Chilcott he is not convinced we can get that exchange and stored in a sustainable way overtime.
 - Deardorff asked for an update on the progress of the ASR study.
 - Gracely stated it is still ongoing but moving along slowly.
- Kuosman commented that he needs more time to come up with an exact amount that we are going to Bond for. He is confident in the data and range presented but this is not a guaranteed number.

General Manager Report by John Kuosman:

- Kuosman has been monitoring the Willow Fire and said it is approaching 7000 acres. It extends to the North of our property up towards Turquoise Creek. The fire has encroached the North Willow Creek telemetry and monitoring location. As of now, staff has not seen any faulty readings. So far, Willow Creek has not been impacted. We do have a trailer that has our ATV and tools stored in it, however staff have moved that asset off site, so it is no longer in danger. There is a shade structure that was constructed by staff that is in danger currently. All staff have been advised to stay away from the property and let the fire crews do their work. Once Donala gets the okay, we will go in and do a detailed assessment of the risk to life safety and water supply risk such as run-off, etc.
- Kuosman discussed the sewer line pipe break that occurred on Holbein Drive. On July 9th, a customer called because sewage was backing up into his home and as a result of working with this customer and trying to find the cause of the back-up staff discovered a blockage in the line. Staff performed jetting to try and break up the blockage and that blockage was rectified. On July 10th, when the team was out making sure the issue was resolved from the day prior, they discovered water levels rising in 3 different manholes. Once again jetting was attempting when another line blockage was found. After that blockage was released, a sinkhole developed and staff went into emergency response. Two breaks were found in total and pipe had to be replaced. Everything was repaired according to County standard and tested to make sure it was functioning properly, then brought back online. In the future a lining project may be necessary. CCTV camera crews were brought in to take a look at the immediate area surrounding Holbein and Desiree. As of now, the CCTV work is not done, and 5 different problem areas have been identified.
 - Deardorff wanted to clarify when the homeowner has responsibility for their line verses Donala.
 - Kuosman clarified that the customer is responsible for their own service line up to our mains.
- Kuosman stated that we allocated 100k in our budget last year towards Camera inspections of the system, so all the post-emergency camera work will be funded from there and then we need to reassess going forward what we want to do for this year when budgeting.
- Kuosman said he was invited to CSU's Agricultural Water Partners Tour on 10/1/26. Hawker is also attending with Kuosman.
- Vanderschuere also mentioned that Water Congress and SDA are coming up.

Consultants' Comments:

- Sams said he was part of an operational meeting to discuss capital expenses for the UMCRTWF.
- Sams stated he had a meeting with CSU regarding some of the potential near-term impacts of the NMCI pipeline of CSU's interceptor sewer on Donala's infrastructure. They are crossing our pipelines

on the land where Classic Homes wants to build Santa Fe Meadows. CSU said they recognize our concerns and want to run a design and evaluation mode to best mitigate any potential issues with our collection systems in the future.

- Kuosman said he thinks they said by the end of July they would get back to us with a conceptual design from their engineer followed by a more detailed construction timeline.
- Vanderschuere wanted to clarify if Donala has an easement in that area.
- Sams stated Donala does have an easement, however part of the pipe may not be in the easement, but an evaluation would need to be done.
- Sams said we are working with an organization to perform three of our water storage tank inspections. Also being incorporated is the final warranty inspection of the 1.5 million Holbein tank. In preparation, a float examination will need to be completed.
- Gracely stated he has been active in some water rights cases on Donala's behalf in collaboration with HPK and Spheros.
- Gracely said Spheros has been working on dry year liability of the exchanges they presented early in the year and will incorporate that into the presentation Kuosman just presented to see that outcome.
 - Vanderschuere wanted to know when this will be completed and Kuosman said they should be ready soon.
- Gracely said the Risk and Resiliency Assessment is complete and now he can focus on Emergency Response Plan which is not due until December.

Directors Comments:

- Vanderschuere stated the board meeting will be at 1:30pm at the UMCRWTF, but before the meeting we will be performing a tour of several Donala facilities. Tour meet up will be at the Holbein Office at 10AM, after the tour lunch will take place at the UMCRWTF and the board meeting will proceed at the same location beginning at 1:30 pm.

Public Comment:

- Howald asked how he can get the results of any action taken during open session.
 - Hawker stated that staff can email him with the details.

President Vanderschuere adjourned the regular board meeting at 3:10 pm and motioned to move into Executive Session A pursuant to Section 24-6-402(4)(e), C.R.S., for the purpose of developing strategy and conducting negotiations related to the capital budget, including prioritization and negotiations concerning major projects for EPC Augmentation, Loop Water Authority, and U.M.C.R.W.T.F. after a brief break.

- Vanderschuere motioned to move out of closed session into open session to take action on an item at 3:54 pm
 - Judd motioned to approve, George seconds, all aye.

President Vanderschuere called the board meeting back into open session to discuss an action item at 3:55pm.

- A motion to vote on making first contribution for approximately 270k to LWA for 2026 was taken by the Donala Board.
 - Donala's Board unanimously voted to not make the payment.

- Vanderschuere also directed John to prepare a resolution for Donala to formally exit the LWA.
 - Judd motioned to approve, George seconds, all aye.

President Vanderschuere reads in Executive session B in closed session with legal counsel present at 4:03 pm.

- No action taken.

Adjourned at 4:05 pm.

These minutes are respectfully submitted for record by Carla Edwards on August 11, 2026.