

RECORD OF PROCEEDINGS

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE APPLEWOOD SANITATION DISTRICT

Held: 6:00 p.m. on Wednesday, February 11, 2026, at 15707 W. 26th Avenue, Golden, Colorado and remotely via Zoom.

Attendance The regular meeting of the Board of Directors (“Board”) of the Applewood Sanitation District (“District”) was called and held as shown above and in accordance with the statutes of the State of Colorado. The following Directors were in attendance:

Garret “Cody” Berg, Treasurer
Jessica Raths, Secretary
Barbara Panian, Assistant Secretary
Casey Dick, Director

Also present: James Landry, Engineer, RG & Associates, LLC (“RGA”); Michael Bakarich, CPA, Morain Bakarich; James Silvestro, Ireland Stapleton Pryor & Pascoe, PC. (“Ireland Stapleton”) (virtually); and one member of the public.

Call to Order Director Berg presided as Chair of the meeting, noted that a quorum of the Board was present with all four Directors in attendance and that there is one vacant seat on the Board, verified that notice of the meeting was posted on the District’s website, and noted that the Directors had confirmed their qualification to serve, and therefore called the meeting to order at approximately 6:10 pm.

Approve Agenda The meeting agenda was reviewed by the Board. There were no changes to the proposed agenda.

Meeting Minutes The Minutes of the Board of Directors regular meeting held on Wednesday, January 14, 2026, were reviewed by the Board. Upon a Motion duly made by Director Panian, seconded by Director Raths and unanimously carried, the Minutes were approved.

Public Comment None.

Board Matters Discuss Appointment for Board Vacancy
The Board generally discussed the interest that the District has received in the vacant Board position and confirmed that Donna Walker is the only candidate who has expressed interest to the District. The Board generally discussed Ms. Walker's qualifications

and experience for this position, and several Directors expressed their gratitude for Ms. Walker's interest and willingness to serve.

Director Panian made a Motion for the Board to appoint Ms. Walker to the empty Director position previously held by Briana Gerou to complete the current term that runs through May 2027. This Motion was seconded by Director Raths and unanimously approved by the Board.

Mr. Silvestro confirmed that Director Berg should complete the Notice of Appointment and that Ms. Walker should complete the Oath of Office and that Ms. Walker would be duly-appointed as soon as these completed documents are filed with the necessary authorities. Ms. Walker remained at the Board meeting and continued to observe the proceedings but did not vote on any matters pending her formal appointment upon the submission of this paperwork.

Discussion Regarding Officer Positions

The Board discussed officer positions and more specifically whether anyone would want to serve as the Treasurer so that Director Berg would not be both the Treasurer and the President. The Board generally discussed the different responsibilities of the different officer positions and asked Mr. Bakarich for information regarding the current individuals with payment approval authority for the District. Director Berg asked whether any other members of the Board would be interested in serving as either President or Treasurer, and no other Director expressed interest in either position. Director Raths confirmed that she is willing to continue to serve as Secretary. After further discussion, the general consensus of the Board was to not make any changes to the current officer positions but to potentially revisit this issue after engaging a District Manager, who might also share some of these financial oversight responsibilities.

Discussion Regarding District Manager Independent Contractor

The Board discussed the three inquiries that the District received from interested vendors in response to the solicitation for contract district manager services. The Board specifically considered the qualifications and experience of each vendor as well as their proposed rates of compensation and additional information provided by each vendor.

Director Painan expressed her preference for a vendor with specific experience with the District. Director Dick and Director Raths agreed with this sentiment. The Board generally discussed the tradeoffs between using more established and more expensive

vendors as compared to the less expensive and local service proposed by Rooted Flow Management & Consulting LLC ("Rooted Flow"). The consensus of the Board was that lower cost service with more localized and historic knowledge is more important than experience working with other Districts.

The Board discussed the compensation terms proposed by Rooted Flow, and several Directors expressed a desire for this compensation to be set at a single hourly rate of \$160/hr without a higher rate for special projects. The Board also discussed the need for establishing an initial review period within 90 or so days to confirm that Rooted Flow is performing as anticipated.

The Board discussed the next steps for moving forward with a potential engagement with Rooted Flow and utilizing Director Rath and Mr. Silvestro to work through any contract issues.

Director Painan made a Motion to provisionally select Rooted Flow to serve as the District's manager in an independent contractor capacity and to further direct Director Rath and Mr. Silvestro to negotiate and, if possible, execute a professional services contract with Rooted Flow for these services at an initial rate of \$160/hr. This Motion was seconded by Director Dick, and unanimously approved by the Board.

Communications regarding 2026 Rates and General Update

The Board discussed the ratepayer update that would be published by the District and included with the first quarter residential bills. Director Rath asked about including a list of accomplishments in this communication as well as the reasons for recent rate increases. Director Painan and Director Dick requested that the communication explain the recent changes to the makeup of the District and what recent commercial development means for rates and the costs charged by Metro Recovery. Director Berg agreed that this information should be included in the notice.

The Board generally discussed efforts that the District might undertake to incentivize more residential customers to opt into e-billing and autopay to save the District some of the costs associated with paper bills and to ensure more timely collections. Director Berg proposed that new enrollees in the e-billing and autopay programs could be incentivized through a statement credit of \$20. Mr. Silvestro discussed the potential need to offer this incentive to all customers and suggested that additional research may be required. The Board directed Mr. Silvestro to investigate this matter further

and to prepare a proposed resolution on this topic for the next regular Board meeting.

Financial Report:
Michael Bakarich, CPA

Mr. Bakarich reviewed the District's Financial Reports, including Accounting Memorandum for the month of January 2026.

Total monthly revenues were \$116,729. Monthly expenditures were \$52,460 and the Net Positive fund balance was \$64,269.

Upon a Motion duly made by Director Panian, seconded by Director Raths, and unanimously carried, the Board accepted the Financial Reports, as presented, and approved the Payment of Claims in the amount of \$52,460.

Engineer's Report:
James Landry, P.E.

Mr. Landry reviewed the Engineer's Report and provided updates regarding the call log for January 2026.

Director Painan asked Mr. Landry a question about the decontamination tank at Lutheran Hospital and associated sewer flows. Director Dick asked Mr. Landry about the call log and several inquiries related to billing issues. Director Dick raised the prospect of instructing RGA staff to no longer make a not of "hang ups" in the call log, and the Board agreed with this.

Mr. Landry provided an overview of the bidding process and the proposals received by the District for the 2026 capital improvement project. Mr. Landry recommended that the Board move forward with awarding the contract to the low bid submitted by Diaz Construction Group, LLC. Although the District is not required to award this contract to the low bidder, Mr. Landry discussed his experience with and confidence in this contractor. Mr. Landry further discussed the positive references that were provided for Diaz Construction Group, LLC.

Director Painan made a Motion to award the District's 2026 capital improvement project contract to Diaz Construction Group, LLC consistent with the bid that was provided to the District. This Motion was seconded by Director Raths and unanimously approved by the Board. The Board confirmed that Director Berg would sign this contract on behalf of the District.

Mr. Landry presented an overview of ongoing projects and stub in fees. The Board discussed the current status of project deposits and financial tracking of this information. Mr. Landry and Mr. Bakarich confirmed that they are continuing to track this information and

working to prepare a monthly report to allow for these issues to be tracked by the Board and/or the District's manager.

Attorney's Report:
James Silvestro, Esq.

Mr. Silvestro provided an overview of ongoing legal matters, including annual compliance matters, a recently fulfilled open records request, and work completed in support of the solicitation for district manager services. Mr. Silvestro provided the Board an update on ongoing matters related to delinquent customer invoices and an ongoing issue related to one of the District's utility easements. Mr. Silvestro provided an overview of legislative tracking efforts, and the Board briefly discussed issues related to pending legislation.

New Business Items

Proposed Website Update

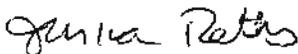
Mr. Silvestro presented the Board with a proposal from the District's website vendor to add additional information to the District's website. Mr. Silvestro confirmed that because the District is not a metropolitan district, there is no legal requirement to add this information. The Board discussed this issue and decided not to move forward with the proposal.

Metro Update

Mr. Berg reported there is no Metro update at this time.

Adjourn

There being no further business to come before the Board, upon motion made by Director Panian, seconded by Director Raths, and unanimously carried, the meeting was adjourned at approximately 9:30 p.m.



Secretary for the Meeting