

**MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
October 11, 2022**

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on October 11, 2022 commencing at 7:00 p.m. in the Board Room at the Third Street Center, 520 South Third Street, Carbondale, Colorado. The meeting was also held via online and telephonically (Elevate).

The District's attorney Ryan Mitchell took the roll call. The following directors were present: Jim Nieslanik, Michael Kennedy, Max Macdonell, Charles Bailey, Dean Seader and Charles Spickert. There was a quorum.

The District's attorneys Ryan Mitchell and Chris Geiger of Balcomb & Green, the District's accountant Tiffany Rudow of Barnes Pearson Rudow, the District's engineer Eric Mangeot of LRE Water ("LRE"), and Water Commissioners Bill Blakeslee and Heather Ramsey also attended.

INITIAL BUSINESS

Director Jim Nieslanik moved to appoint Michael Kennedy as Secretary for the meeting. Director Dean Seader seconded the motion, and it carried unanimously.

The minutes from the September 13, 2022 meeting were considered by the Board. Director Dean Seader moved to approve the September minutes, and Director Michael Kennedy seconded the motion, which carried unanimously.

REPORT OF THE ACCOUNTANT

Tiffanie Rudow presented the proposed draft 2023 General Fund and Enterprise Budgets and led a discussion with the directors. This is an initial consideration of proposed budgets that must be formally adopted at a subsequent meeting. Director Jim Nieslanik made a motion to publish notice of the November 8, 2022 hearing on the 2023 General Fund Budget as proposed, subject to any recalculation of revenue based on property tax. Director Dean Seader seconded the motion, which passed unanimously. The budgets will be formally considered for adoption at the District's meeting on November 8, 2022.

Tiffanie Rudow advised the Board to move its Alpine Bank CD to C-Safe because of interest rates. Director Jim Nieslanik made a motion to transfer the renewing Alpine CD to the Money Market, and to transfer all excess money in surplus of \$250,000.00 to C-Safe. Director Michael Kennedy seconded the motion, which passed unanimously.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Gage Flow Summary

Eric Mangeot reported that the precipitation outlook is dry. Meanwhile, the current gage readings were taken after the recent rains, which likely elevated the readings. In general, the gages were above average from the year before. Ruedi storage is up but discharge is down.

b. Stream Gage Comparison

Eric Mangeot reported that the stream gage comparisons show that this year our gages are above the mean.

c. Billing Update

Eric Mangeot reported that 572 contracts have been billed out; of those, 459 contracts have been collected on, for an amount of \$436,290. For the month of September, the District collected \$50,029 in fees.

d. Missouri Heights Study Well Equipment Removal Update

Eric Mangeot reported that Mindi Harman is still working on removing the equipment from the Crouch and Mitchell wells.

e. Other

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Contract No. 807 – Whiskey Mountain Estates, LLC

Eric Mangeot presented this contract application to cover depletions associated with a private augmentation plan (Case No. 22CW3109) for 50 horses, dust suppression for arena and roads. The property has an address of 626 Fender Lane, El Jebel and is located in Eagle County. The source of supply under the contract are the Fender Springs Nos. 1 and 2. The contract amount is for 0.50 AF. Ryan Mitchell reported that the Board had jurisdiction to consider the contract. Director Dean Seader made a motion to approve the contract. Director Jim Nieslanik seconded the motion, which passed unanimously.

b. Amendment to Contract No. 647a – Reynolds Lower Ranch, LLC

The property consists of 16.23 acres and is located at 1521 Lower River Road in Pitkin County. The sources of supply is an existing well (Permit No. 78773-F) which covers depletions associated with a large single-family residence and 4 horses or livestock and the

source of supply for the irrigation and evaporative losses associated with the ponds is the Applicant's shares in the Last Chance Ditch. This amendment is increasing the contract amount from 0.7 AF to 3.1 AF. Ryan Mitchell reported that the Board had jurisdiction to consider the amendment. Director Jim Nieslanik made a motion to approve the amendment. Director Charles Bailey seconded the motion, which passed unanimously.

c. Cancellation of Contract No. 117d – Kris Cox

This contract has been replaced by Contract No. 806, which was approved at the September 13, 2022 meeting.

REPORT OF THE ATTORNEY (RYAN MITCHELL, BALCOMB & GREEN, P.C.)

a. Accelerator Grant

Ryan Mitchell reported that he continues to work with River District on a potential Reservoir Project and related grant funding. Ryan Mitchell had two more discussions with the River District, in which the River District determined that the District does not need to apply for reconsideration of its Accelerator Grant application. Instead, the River District is allowing the District to submit a new application for Accelerator Grant funding on a rolling basis.

Ryan Mitchell also reported that the owner of the alternative reservoir has changed hands, along with the owner's attorney. Ryan has been able to identify its current owner and attorney, and had reached out to the attorney to gauge the owner's interest in partnering. Ryan will continue discussions with the owner.

b. Active Cases

Ryan Mitchell advised the Board that the District is involved in the below active cases:
2017CW003174 - In the Interest of: Town Of Basalt
2019CW003143 - In the Interest of: Basalt Water Conservancy District
2019CW003159 - In the Interest of: City Of Aurora
2020CW003107 - In the Interest of: Basalt Water Conservancy District
2022CW003009 - In the Interest of: Spring Valley Holdings LLC

c. Other

Ryan Mitchell also reported that the City of Aurora is intervening in water cases for Area B contractees. Aurora is including terms in the contractees' proposed decrees that require that the Area B contractees to replace all out-of-priority depletions with replacement water at or above the calling right, when the calling right is located on the roaring fork river between the confluence of the Frying Pan and Roaring Fork Rivers and Colorado and Roaring Fork Rivers.

Chris Geiger will to set up a call with the attorney for Aurora to try to understand why Aurora is seeking to include such a term. At this point, it does not appear that such a term interferes with the Districts operations. However, Aurora's actions are impacting our constituents by raising the costs of obtaining a decreed water right and private plan for augmentation. The District's attorneys are evaluating whether the District should directly intervene in the cases.

REPORT OF THE DIVISION OF WATER RESOURCES

None.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in October for the month of September. Director Jim Nieslanik made a motion to pay the bills. Director Dean Seader seconded the motion, which passed unanimously.

DIRECTOR REPORTS AND COMMENTS

Director Spickert reported on the September 2022 Roundtable. There is a large number of grants available. The Board should consider investigating these grant options.

The appointment terms for Directors Jim Nieslanik, Tim Nieslanik, and Max Macdonell are set to expire on December 14, 2022. The above Directors indicated their intention to apply for reappointment. Ryan Mitchell will prepare the appropriate court filings for reappointment.

EXECUTIVE SESSION

None.

CONCLUSION

At 8:18, Director Dean Seader moved to conclude the meeting. Director Michael Kennedy seconded the motion, and it was approved unanimously.