

**MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
September 13, 2022**

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on September 13, 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: Gary Knaus, Tim Nieslanik, Jim Nieslanik, Michael Kennedy, Max Macdonell, Charles Bailey, Dean Seader and Charles Spickert. There was a quorum.

The District's attorney Ryan Mitchell 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 Commissioner Heather Ramsey also attended.

INITIAL BUSINESS

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

The minutes from the August 9, 2022 meeting were considered by the Board. Director Dean Seader moved to approve the August minutes as corrected, and Director Jim Nieslanik seconded the motion, which carried unanimously.

REPORT OF THE ACCOUNTANT

Tiffanie Rudow presented the audit of 2021 financial statements. The audit expressed no concerns with the District's financial statements or position. Director Gary Knaus asked if there were any comments regarding procedures and processes; Tiffanie Rudow reported there were no noted concerns, errors or omissions. Director Max Macdonell moved to accept the 2021 audit contingent upon final review and resolve to accept the 2021 Audit for submission to the State of Colorado, seconded by Director Jim Nieslanik and unanimously approved. The Board set a budget workshop for September 29, 2022, at 11:30 a.m.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Gage Flow Summary

Eric Mangeot reported that Colorado is at an equal chance of above or below precipitation for the month of September. The gages are generally up from a year ago. Interesting, the Glenwood Gage is down 10 c.f.s. Storage at Ruedi is up from a year

ago. However, Ruedi discharge is down from last year, likely due to the current call scenarios.

b. Stream Gage Comparison

Eric Mangeot reported the comparison of the Emma Gage, Glenwood Gage, and Aspen Gage. Generally, the Aspen Gage is inconsistent, but the District continues to use the data as to Area 3.

c. Billing Update

Eric Mangeot reported that LRE has billed out 506 contracts in the amount of roughly \$454,000. 405 contracts have been collected in the amount of roughly \$396,720. In terms of contract fees, the District has collected \$46,623 for the month of August.

Eric Reported that the District has heard from 14 of the 22 contractees that received a second notice of failure to provide diversion records. Those 14 contractees have informed the District they will submit their records for this water year. LRE is still attempting to contact the 8 remaining contractee who have not responded.

d. Missouri Heights Study Well Equipment Removal Update

Eric Mangeot reported that LRE continues to remove the transducers from the wells. Mindi Harman was unable to locate the transducer from the Cerise well, and is working with the landowner to track it down. LRE suggests the used transducers be recycled, as there is little benefit to keeping them.

e. Other

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Contract No. 806 – Kris Cox

Eric Mangeot presented this contract application for service under District's Case No. 02CW77 to cover depletions associated with a single-family dwelling and 21,780 sq. ft. of lawn and landscape irrigation. The property has an address of 202 Castle View Drive, Basalt and is located in Eagle County. Diversion associated with this contract come from existing Well Permit No. 43553-F. The contract amount is for 0.033 cfs and 1.1 AF. This Contract replaces Contract No. 117 in its entirety and Contract No. 117 will be terminated once Contract No. 806 is approved and a well permit is issued. Ryan Mitchell reported that the Board had jurisdiction to consider the contract. Director Dean Seader made a motion to approve the contract. Director Tim Nieslanik seconded the motion, which passed unanimously.

b. Contract No. 805 / Inclusion No. 246 – Two Creeks Holdings LLC

Eric Mangeot presented this contract application to cover depletions associated with a private augmentation plan (Case No. 22CW3050) for pond evaporation losses from the Two Creek Ponds Nos. 1 - 3. The Applicant is also requesting inclusion into the District's boundaries. The property consists of 44.06 acres and is located in Pitkin County. The source of supply is the Borah and White Ditch. The contract amount is for 8.3 AF. Ryan Mitchell reported that the Board had jurisdiction to consider the contract and inclusion. Director Max Macdonell made a motion to approve the contract and inclusion. Director Tim Nieslanik seconded the motion, which passed unanimously.

c. Amendment to Contract No. 775a – Blue Mind, LLC

The property consists of 35.02 acres and is located outside of Carbondale in Garfield County. The sources of supply is an existing well (Permit No. 86473-F) which covers depletions associated with a proposed commercial development (outdoor ice rink and approx. 0.3 EQR of commercial use) and 22,000 sq. ft. of irrigation. This amendment is increasing the contract amount from 1.5 AF to 1.7 AF. Ryan Mitchell reported that the Board had jurisdiction to consider the amendment. Director Dean Seader made a motion to approve the amendment. Director Jim Nieslanik seconded the motion, which passed unanimously.

d. Assignment of Contract No. 77f – Change Pejuta, LLC to John J. McNally and Jessica McNally; Assignment of Contract No. 775a – Nordic Gardens Land Fund, LLC to Blue Mind, LLC; Assignment of Contract No. 27a – Estate of Gary Sanders to James L. Case Revocable Trust; Assignment of Contract No. 28b – SG Trust U/T/A April 9, 2003 to James L. Case Revocable Trust; Assignment of Contract No. 733a – Roaring Fork View 1, LLC to Cedric W. Burgher and Mary Anne Burgher; Assignment of Contract No. 734a – Roaring Fork View 2, LLC to Burgher Roaring Fork, LLC; Partial Assignment of Contract No. 337c – Mark and Kristen Favro to Nicholas Adam Abrams and Katherine McKeaugue Abrams

Ryan Mitchell advised the directors that these contracts was assigned over the past month.

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

a. Case No. 20CW3107 – Update

Ryan Mitchell reported that the District's Attorneys and Engineer have submitted a Second Supplemental Response to Summary of Consultation. The Responses were included in the Board Packet for review by the Board of Directors. Considering the simple nature of the responses, Ryan Mitchell is hopeful to have a response from the Referee or Division Engineer's Office by the end of the month.

b. Accelerator Grant

Ryan Mitchell reported that the River District is not recommending approval of the District's Grant Application, at this time. The River District feels that the permitting consideration of the pumps and pipelines places our project at high-risk of completion. Furthermore, the River District would like to see a more thorough description of how the pump and pipeline would operate to increase drought resiliency. Finally, the River District would like to see a more developed collaborative relationship with a partner entity.

Ryan Mitchell further reported that the River District continues to have interest in our projects. The River District has provided feedback on further developing our application, and is open to reviewing a revised application. One major improvement would be narrowing our application to just the Cattle Creek pump & pipeline or a reseve located up the Cattle Creek drainage.

Ryan Mitchell also reported that he had received Letters of Support from both Garfield County and Eagle County for our proposed cattle creek project.

Ryan Mitchell also reported that he had begun discussing the possibility of collaborating with the Colorado Water Trust. Early discussions indicate that the Colorado Water Trust is very interested in our cattle creek project and would like to further investigate developing a formal agreement on collaborating.

Director Charles Bailey made a motion to re-apply for the River District's Accelerator Grant pursuant to the feedback of the River District and the best efforts of the District's Attorney and Engineer. Director Jim Nieslanik seconded the motion, which passed unanimously.

c. Correcting Contracts

Ryan Mitchell discussed the memo provided to the Board of Directors regarding identifying and correcting contract issues. In total, nine contracts have been corrected or are in the process of being corrected. The majority of these contracts were identified when the contractees requested action by the District. However, a few contracts were previously identified by a prior attorney for the District, but were not corrected prior to that attorney's withdraw from representing the District. The Board directed Ryan Mitchell to draft and prepare a guide for reviewing contracts which can be used by others.

d. Crystal River Augmentation Plan – CRWCD and WDWCD

Ryan Mitchell and Eric Mangeot reported that the River District presented its progress on developing a Crystal River Augmentation Plan. The River District has been

collaborating with the WDWCD on investing and developing the Crystal River Augmentation Plan. The River District is still in the investigation phase.

e. Other

REPORT OF THE DIVISION OF WATER RESOURCES

None.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in September for the month of August. Director Jim Nieslanik made a motion to approve the amendment. Director Tim Nieslanik seconded the motion, which passed unanimously.

DIRECTOR REPORTS AND COMMENTS

None

EXECUTIVE SESSION

None.

CONCLUSION

At 9:12 P.M., Director Dean Seader moved to conclude the meeting. Director Max Macdonell seconded the motion, and it was approved unanimously.