

**MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
July 11, 2023**

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on July 11, 2023 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 (Teams).

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

The District's attorneys Chris Geiger and Andie Hall 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 Director Michael Kennedy as Secretary for the meeting. Director Dean Seader seconded the motion, and it carried unanimously.

The minutes from the June 20, 2023 meeting were considered by the Board. Director Michael Kennedy moved to approve the June minutes, and Director Max Macdonell seconded the motion, which carried unanimously.

REPORT OF THE ACCOUNTANT

a. Bank of Colorado Account.

Tiffany Rudow reported that the Bank of Colorado CD expired today, July 11 and that the Board needed to execute signature cards to transfer money to the Bank of Colorado money market and ultimately into the CSAFE account. The Board had decided last November to move these funds into a CSAFE account and close the Bank of Colorado account. Tiffany reported that the return on the CSAFE is approximately 5.3% and that rate continues to increase. Director Michael Kennedy made a motion to transfer money from the Bank of Colorado account to Alpine Bank. Director Jim Nieslanik seconded the motion and it passed unanimously.

b. Bookkeeping Software.

Tiffany Rudow reported on the status of the District's accounting and use of QuickBooks. She noted that Melody Morris at LRE is likely retiring within the next four years, which

raises the need to ensure that the District's bookkeeping is up to date and accurate. Tiffany recommended that the board discuss the potential of a full or part time employee when Melody retires, and ideally, to have that person work with Melody for at least a year to be trained and become fluent in the District's operations and bookkeeping because Melody has a wealth of knowledge.

Tiffany reported that Quickbooks is transitioning to cloud-based platform in the near future. She then discussed the District's current software and databases used for bookkeeping. She raised a concern that the District's bookkeeping may not align well with Quickbooks' future platform because Quickbooks will prohibit users from viewing their data if there is any lapse in payment of the new annual fee. She is looking into alternative platforms for the District but noted that most are cloud based. Director Gary Knaus asked whether the new proposed meter submission reporting program presented by LRE would integrate into bookkeeping software. Eric Mangeot explained that the District is more concerned with individual meter submissions and that the new submission program will not aid in billing because invoicing is based on the allotted amount under each contract rather than usage. The Board and Tiffany discussed the possibility of using an Excel spreadsheet in the interim and noted that budgeting would have to change slightly because payments and invoicing would be more frequent.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Gage Flow Summary and Monthly Precipitation Outlook

Eric Mangeot reported that the precipitation outlook for July showed equal chances of precipitation but noted that it has been dry. Eric reported that gage flows are up significantly from this time last year. He reported that: (1) the Roaring Fork River near Aspen has been dropping quickly and was at 139 cubic feet per second ("c.f.s") prior to this meeting; (2) the Emma Gage on the Roaring Fork River was up almost 721 c.f.s. at 1,520 c.f.s.; (3) the Roaring Fork River at Glenwood Springs was at 3,550 c.f.s., which is up from 1,490 c.f.s. last year; (4) the Frying Pan River at Thomasville was down 120 c.f.s., compared to 144 c.f.s. last year; (5) Ruedi Reservoir is nearly full (91%) at 101,400 AF, which is up from a year ago and Reudi Reservoir discharge is up by 93 c.f.s. at 206 c.f.s; (6) the Crystal River near Redstone is up 958 c.f.s. at 1,403 c.f.s.; and (7) the Crystal River at the Fish Hatchery is at 1,607 c.f.s.

b. Roaring Fork River Gage Flow Comparison Versus Previous Water Years

Eric commented that when comparing Water Year ("WY") 23 to previous years, he primarily looks at Aspen and Emma gages on the Roaring Fork River. Eric reported that the Aspen Gage showed a huge spike but it has since lowered almost to levels in WY 20. Chris Geiger inquired about this dramatic change and Eric opined that this change could be because TMDs came back on.

c. Comparison of Number of Contracts and Assignments Over the Last 5 Years

Pursuant to Director Charles Spickert's request at the June Board meeting, Eric Mangeot reported on the number of contracts and assignments over the last five years. He noted that 2021 was a record-breaking year with 43 contracts, compared to 35 contracts last year. Director Charles Spickert asked what drives contract applications. Eric responded that it can be combination of things including drought, economic factors, and property transfers, of which the water commissioners alert the District. Commissioner Bill Blakeslee commented that this year is an anomaly and that contracts correlate with spikes in real estate sales. He noted that when a property has a new owner, the commissioners can get them on board with District. Eric commented that if home prices are high, purchasers tend to have an attorney look at water supply and they discover holes in their supply, which helps drive applications. Chris Geiger noted that lots of things get straightened out regarding water rights when purchasers have an attorney look at the property's water supply.

d. Third Failure to Report / Suspension of Service Update

See attorney report for suspension of service update.

e. Billing Update

LRE has billed out 374 contracts for a total due of \$372,564.00. Of that, \$242,656.00 has been collected for 266 contracts. Eric Mangeot noted that the billing cycle is April 1 through March 31, which reflects the irrigation year.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Inclusion No. 254 / Contract No. 816 – Spring Falls Ranch LLC

Eric Mangeot presented this contract application associated with a pending private augmentation plan (Case No. 22CW3077) to cover depletions for evaporation associated with 50 staff and 150 children, for year-round operations at a commercial retreat and camp located just above Reudi Reservoir. Two ponds and an augmentation pond are used to augment calls above Reudi Reservoir. The Applicant is also requesting inclusion into the District's boundaries. The property is located at 29570 Brush Creek Road, Meredith and is in Pitkin and Eagle Counties. Initially, only the Eagle County portion was included in the application, so the legal descriptions and petition for inclusion had to be redone. At the April 2023 meeting, the Board tabled the application till this issue was fixed. The primary source of supply is from Big Spring (primary pond source) and the secondary source of supply is the Spring Falls Ditch. The contract amount is for 3.3 AF. The Applicant does not have county approvals yet because they

are obtaining a plan for augmentation first to see what the County allows. Chris Geiger reported that the petition for inclusion was properly published, publication fees have been reimburse, and the Board has jurisdiction to consider the inclusion. Director Dean Seader made a motion to approve the contract and inclusion. Director Max Macdonell seconded the motion, which passed unanimously.

b. Contract No. 817 – Woody Ventures, LLC

Eric Mangeot presented this application for property that consists of three lots in the approved Lane Family Conservation Subdivision and is located at 203, 205, and 207 Tree Farm Drive, Carbondale in Eagle County. The source of supply is from a shared well, the Lot 1-3 Well, which will cover depletions associated with three single-family residences, 3 ADU's, and up to 15,000 square feet of lawn and landscape irrigation. The contract amount is 1.2 AF. Eric Mangeot recommended that the Applicant enter into a well share agreement to designate one responsible party to the District. Andie Hall reported that she spoke with the Applicant's attorney and that a formal well sharing agreement is not necessary so long as there is a means to designate a responsible party to communicate with and report to the District, such as a covenant. Chris Geiger commented that the language in the order states that if the lots are transferred to three different owners, the District and the Applicant must designate a responsible party at that time. Chris Geiger noted that the designation could be in the form of a covenant or an HOA, which would be more restrictive than a well sharing agreement or a covenant. He also commented that the terms and conditions in contract address this scenario and that we won't know if a party is properly designated till the property is conveyed. Bill Blakeslee commented that the Department of Water Resources wants the applicant to implement a well sharing agreement. The Board agreed to table the contract till next month.

c. Contract No. 818 – IM & AY LLC

The property is located at 6916 Highway 82, Glenwood Springs in Garfield County. The source of supply is from a proposed well which will cover depletions associated with 14 apartments and one acre of irrigation. Eric Mangeot commented that Applicant recorded 22 g.p.m. from an observation well to support indoor uses and that a well permit is pending. Director Michael Kennedy inquired as to whether the Applicant is likely to build on the property and Eric Mangeot responded that they are likely; Chris Geiger added that in order to build, the Applicant has to show a physical and legal water supply before the county will approve any land use permits. This contract amount is 0.5 AF. Chris Geiger reported that the Board had jurisdiction to consider the contract. Director Max Macdonell made a motion to approve the contract. Director Jim Nieslanik seconded the motion, which passed unanimously.

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

a. Case No. 22CW3009 Update – Spring Valley Holdings

Chris Geiger reminded the Board that this case is to reestablish supply sources at the Spring Valley PUD project. Chris Geiger and Eric Mangeot met with the Applicant’s representatives on July 7. The District is waiting on the Applicant’s representatives to demonstrate how 420 AF of district supply in Contract Nos. 43 and 316 is allocated to augment the proposed water rights, with specific attention to wells that have delayed pumping impacts to demonstrate an adequate supply for structures that cannot be administered in real time during a call. The District is also waiting on the Applicant to determine how it is going to address its supply under each contract being in different augmentation plans; Chris Geiger commented that the Applicant may approach the Division of Water Resources to consolidate the augmentation supplies under its contracts in the 98CW54 plan for augmentation. This could resolve the District’s concerns about interference with its 87CW155 plan for augmentation. Chris Geiger noted that the Applicant is to provide responses to our comments by July 28 and our response to those is due in September.

b. Termination of Contract No. 116c – William Tomcich

Andie Hall presented this contract for termination due to the contractee’s failure to submit meter readings, despite having been notified several times. The address for this contract is 108 Castle View Drive. Director Gary Knaus asked about the steps following a motion to terminate and Commissioner Bill Blakeslee responded that that he visits the contractee and explains consequences of termination. Director Charles Spickert asked about the consequences and Bill Blakeslee responded that his conversation with the contractee is on a case-by-case basis. Director Gary Knaus asked what happens next and whether the contract could be reinstated. Chris Geiger responded that the board has discretion to reinstate the contract, but an important part of doing so is an agreement with the contractee to submit meter readings. Director Dean Seader moved to terminate the contract; Director Max Macdonell seconded the motion and it passed unanimously.

c. Bank of Colorado Accounts; Signature Cards

Chris Geiger reported, in follow up to Tiffany Rudow’s report, that he would circulate signature cards for execution this evening to facilitate closing the District’s CD and move money into the market account for eventual transfer into CSAFE.

REPORT OF THE DIVISION OF WATER RESOURCES

No report.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in July for the month of June. Director Jim Nieslanik moved to pay the bills and Director Dean Seader seconded the motion, which passed unanimously.

DIRECTOR REPORTS AND COMMENTS

Director Charles Spickert noted that the last basin roundtable meeting was cancelled.

EXECUTIVE SESSION

None.

CONCLUSION

At 8:06 PM, Director Max Macdonell moved to conclude the meeting. Director Charles Spickert seconded the motion, and it was approved unanimously.