

**MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
January 9, 2024**

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on January 9, 2024 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 Andie Hall took the roll call. The following directors were present: Gary Knaus, Michael Kennedy, Jim Nieslanik, Max Macdonell (virtually via Teams), and Charles Spickert. There was a quorum.

The District's attorneys Chris Geiger (virtually via Teams) and Andie Hall of Balcomb & Green, 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 Charles Spickert seconded the motion, and it carried unanimously.

The minutes from the December 12, 2023 meeting were considered by the Board. Director Michael Kennedy moved to approve the December minutes, and Director Charles Spickert seconded the motion, which carried unanimously.

REPORT OF THE ACCOUNTANT

Chris Geiger led the statutory budget hearing to consider the General Budget and Enterprise Budget, to set the District's Mill Levy, and to appropriate funds under the budgets. Notice of the budget hearing was published as required by law, and the budgets were available for public inspection as required by law. The Board previously reviewed the budgets as prepared by the District's financial consultant at its October and November meetings, and may consider them for adoption at this meeting. The several budgets under consideration are identical to those discussed in November, except for adjustment to the District's mill levy due to the adoption of SB23-001 on November 20, 2023. No public comment was received prior to or during the formal budget hearing. After further discussion, Director Jim Nieslanik made a motion to approve and adopt the Administrative Budget and set the mill levy at 0.039 for calendar year 2024; to approve and adopt the Enterprise Budget for calendar year 2024; and to appropriate funds for the Administrative Budget and the Enterprise Budget for calendar year 2024. Director Michale Kennedy seconded the motion, which was carried unanimously. The budget hearing was concluded.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Annual Operating Plan Summary

Eric Mangeot included an Annual Operating Plan Summary Memo for Water Year 2023 in the Board packet. He reported that in Water Year 2023, the District approved 16 new water allotment contracts and received three contract terminations. He noted that in Water Year 2023, the District had 207 contracts under the District's Batch Augmentation Plans (Case Nos. 87CW155, 93CW319, 98CW026/98CW089, and 01CW305), and 256 contracts under the District's Umbrella Augmentation Plan (Case No. 02CW77), totaling 684 contracts overall. Eric noted that several contracts have split uses between the Batch and Umbrella Augmentation Plans. Eric then explained that if all contracts were active year-round, the District would need 2,500.80 acre feet ("AF") of water to mitigate out of priority depletions. Eric reported that the District has the following available supply: (1) 1,542.90 AF in Ruedi Reservoir, with 1,790 AF available under the District's contracts with the Bureau of Reclamation; (2) 421.12 AF in Green Mountain Reservoir; (3) 412.45 AF for, Troy and Edith Ditch Historical Consumptive Use ("HCU") credits, with 412.89 AF credits available; and (4) 124.33 AF from Robinson Ditch HCU credits, with 360.00 AF credits available overall. Eric then explained the process for determining how much water will be required each year to not over release supplies while still also ensuring out of priority depletions are covered.

b. Umbrella Plan Summary / Tracking

Eric Mangeot explained that his goal is to ensure the District does not issue too many contracts to over extend the amount of water available in the Umbrella Plan decrees. Regarding the Umbrella Plan Tracking Memo included in the Board packet, Eric reported that each month LRE tracks the diversions and exchanges in each subarea of the District as specified in the decree, and that the District has 173 contracts in the Lower Reach of the Umbrella Plan and 83 contracts in the Upper Reach. He explained that LRE assumes that each contract has an instantaneous demand of 30 gallons per minute ("gpm") and then determines how many future contracts can be issued under the Umbrella Plan for each subarea. Lastly, Eric noted that under a local call on the Roaring Fork River above its confluence with the Fryingpan River, the District's 10CW47 decree reserves 1.2 cubic feet per second ("c.f.s.") of water from the Grace and Shehi Ditch in the river to facilitate the District's exchange. Eric noted that if that amount of water is insufficient, the District must implement conservation measures with its contractees, but assured the Board that the District isn't nearing the point at which conservation measures would be necessary.

c. Active Private Augmentation Plan Sources of Supply

Eric Mangeot discussed a memo he provided to the Division Engineer regarding private plans for augmentation and their supply releases during Water Year 2023. Eric

explained that many contractees with private plans for augmentation sought to make their exchanges absolute, so the Division Engineer wanted to confirm that the District was releasing replacement supplies to facilitate the exchanges.

d. Actual Diversions Memo (Meter Records)

Eric Mangeot reported that his memo regarding the actual diversion records from 2023 shows diversions from contractees, the associated plan for augmentation for each contractee, and the structure identification number. Eric noted that the memo includes a table for the State's Hydrobase system, and he is working with the Division Engineer to streamline its layout.

e. Bureau of Reclamation WY2023 Actual and Project Releases for 2024

Eric reported that he submitted two memos to the Bureau of Reclamation on behalf of the District regarding Ruedi Reservoir and Green Mountain Reservoir releases (1) during Water Year 2023, and (2) predicted schedules for Water Year 2024. The first memo is based on the call record and active contracts. The second memo includes projections for next contract year and assumes calls in April through October. Eric reported that the District has sufficient water supplies available and that he does not anticipate a long call in 2024. Eric answered Water Commissioner Heather Ramsey's question about operations and noted that LRE reevaluates the District's needs as the contract period approaches to ensure the District is requesting Reclamation to release an appropriate amount of water.

f. Crawford Dry-up for 2024 Irrigation Season

Eric Mangeot discussed a letter he sent on behalf of the District regarding the Bargain and Sale Agreement between the Crawford family and the District in 1992. That Agreement requires the District to notify Crawford at the end of each year what additional portions of land need to be removed from irrigation. Eric reported that the District is again requesting the entire 137.2 acres be removed from irrigation in 2024. Director Gary Knaus inquired about the background and process of this exchange. Eric Mangeot replied that the District must request dry up from Crawford each year, but that he would like to streamline the process going forward.

g. Gage Flow Summary

Eric Mangeot reported that the stream flows are generally lower compared to this month last year, except at the Roaring Fork River near Aspen and the Roaring Fork River near Emma. Eric reported that these gages are at 15.3 c.f.s. and 274 c.f.s., respectively. He also reported that the Roaring Fork River at Glenwood Springs is at 445, which is down 9 c.f.s. from last year; the Fryingpan River near Thomasville is at 26.3 c.f.s, which is slightly down from this time last year; the Crystal River near Redstone is at 42.8 c.f.s, which is down 22.3 c.f.s; and the Crystal River at the Fish

Hatchery is at 81.1 c.f.s. Eric reported that Ruedi Reservoir is 76.4% full and has a discharge of 76.4 c.f.s. He commented that Ruedi Reservoir currently has over 11,500 AF more than it did at this time last year and that is because it was subject to a shorter call period this year.

h. Snowpack Summary

Eric Mangeot reported that as of January 2nd, the snowpack is at 82% of the median. He noted that this snowpack is still above 2012 and 2018 levels, and that the precipitation outlook remains equal chances for January.

i. LRE Rate Increases for 2024

Eric Mangeot reported to the Board that LRE is its increasing rates for 2024, which is reflected in the District's 2024 budget.

j. Annual Assessment Rate Discussion

Eric commented that the District's annual assessment rate is considered relative to the Consumer Price Index ("CPI") for January of each year. Accordingly, Eric will report further after reviewing the CPI.

k. Third Failure to Report Meter Readings; Contractees

Eric Mangeot reported that 19 of the District's contractees have three strikes for failure to submit meter readings or other contract violations. LRE will work with Balcomb & Green to notify contractees of suspension if they fail to remedy their violations. Eric noted that 5 of the 19 contractees have second strikes.

l. LRE Meeting with Aurora and Division Engineer's Office Regarding Ivanhoe Lake Storage Exchange

Eric Mangeot reported that the District will soon be able to issue contracts in this area (Area A-5) and that he had a good meeting with Aurora's engineer and the Division Engineer's office. He reported that the Division Engineer confirmed that the decree authorizes the District to exchange from Ruedi Reservoir into Ivanhoe Lake if the Thomasville streamflow gage meets the Basalt Project operating principles, the Ivanhoe gage is above Colorado Water Conservation Board ("CWCB") instream flow minimums, and if there is sufficient District water in Ruedi Reservoir. If flows are within 15 c.f.s. of the operating principles, the District must coordinate daily with the Division of Water Resources ("DWR") and the Bureau of Reclamation to determine the exchange rate. If the Thomasville gage flows are within 3 c.f.s. of the operating principles, the exchange cannot operate.

Eric explained that the District can account for the exchange in two ways to meet the above conditions. First, if the outflow gage on Ivanhoe Lake shows a discharge, then the District can account and operate the exchange against this release into the reservoir pursuant to the augmentation plan. Eric commented that this method of accounting should ensure sufficient water for the near future. Eric then reported that Busk Ivanhoe Authority is currently working on repairs to its transmountain tunnel at Ivanhoe, which would convey more water East of the divide and result in less or no flow from the Ivanhoe Lake outlet. However, these repairs are expected to take approximately 15 to 18 years. Second, the accounting could be based on how much water Aurora is willing to cooperate with its yield. Eric believes that Aurora gave up some of its firm yield as part of their 09CW142 case and settlement. Eric noted that the Aurora and the District have recently disagreed if Aurora is obligated to give up its yield, but he and Chris Geiger are working to resolve this issue.

Eric reported that the next step is for LRE and Aurora to meet with Pueblo Board of Water Works to review accounting in preparation for the upcoming spring runoff and to allow the District to begin issuing contracts in Area A-5. Eric summarized that the parties are still working out the details, but the District is significantly closer to being able to issue contracts within the area.

m. Other

Eric Mangeot reported that LRE has started the roll out of meter record forms. He then explained the District's reporting requirements to the state and how LRE will compile meter records at the end of each year. He noted that if the contract only augments evaporation, that contract will not have a unique link for submitting records and that the system is tailored to different contract use types. Eric concluded by stating that the state's goal in compiling this information is to determine how much water is consumed in Colorado administered under the District's plans.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Contract No. 817 – Woody Ventures, LLC

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 to cover depletions associated with three single family dwellings, 3 ADU's, and up to 15,000 square feet of lawn and landscape for three lots in a subdivision owned by the Applicant. The properties are located in Eagle County at 203, 205 and 207 Tree Farm Drive, Carbondale. The source of supply is the Lot 1-3 Well. The contract amount is for 0.056 c.f.s. and 1.2 AF. Andie Hall reported that the application was properly published on the website; the Board has jurisdiction to consider operating the contract within 02CW77. Eric noted that the source of supply is a new well and that if the applicant uses less water, the District will lower the contract amount. Director Charles Spickert made a motion to approve the contract and operate

it within 02CW77. Director Jim Nieslanik seconded the motion, which passed unanimously.

b. Contract No. 826 – Choice Ventures, LLC

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 to cover depletions associated with a commercial warehouse and retail shop, which is commonly known as Roaring Fork Rentals. The property is located in Garfield County at 7264 Highway 82, Glenwood Springs. The source of supply is from a proposed well on the property. The contract amount is for 0.033 c.f.s. and 0.5 AF. Andie Hall reported that the application was properly published on the website; the Board has jurisdiction to consider operating the contract under 02CW77. Director Jim Nieslanik made a motion to approve the contract and operate it within 02CW77. Director Michael Kennedy seconded the motion, which passed unanimously.

c. Contract No. 827 – Patric Knecht and Willow Mindich

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 to cover depletions associated with 0.36 acres of irrigation. The property is located in Eagle County at 4559 Frying Pan Road, Basalt. The source of supply is an existing structure from Seven Castles Creek. Eric noted that the DWR determined the water right abandoned at this structure, so this application will ensure a legal water supply for the existing structure. The contract amount is for 0.011 c.f.s. and 0.8 AF. Andie Hall reported that the application was properly published on the website; the Board has jurisdiction to consider operating the contract under 02CW77. Director Charles Spickert made a motion to approve the contract and operate it within 02CW77. Director Jim Nieslanik seconded the motion, which passed unanimously.

d. Contract No. 828 – The McDonald Family Trust, W. Scott McDonald and M. Caroline McDonald, Trustees

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 to cover depletions associated with one single family dwelling, one ADU, up to 10,890 square feet of irrigation, and evaporation losses associated with a proposed swimming pool. The property is located in Eagle County at 162 Ronce Lane, Carbondale. The source of supply is the Otto Well No. 2 (Permit No. 87208-F). The contract amount is for 0.033 cfs and 1.1 AF. This contract is associated with Contract No. 789 and is to augment depletions from the well on the adjacent lot. Director Gary Knaus and Eric Mangeot discussed that water use assumption calculations for ADUs are based on the size of the building constructed. Andie Hall reported that the application was properly published on the website; the Board has jurisdiction to consider operating the contract under 02CW77. Director Jim Nieslanik made a motion to approve the contract and operate it within 02CW77. Director Charles Spickert seconded the motion, which passed unanimously.

e. Contract No. 829 – South Inca Holdings LLC, GWS 23 LLC, and TAP Land Co., LLP

Eric Mangeot presented this contract application for service under the District’s Case No. 02CW77 to cover depletions associated with one single family dwelling, an apartment, two commercial warehouses, and three offices on three lots owned by Applicants. The property is located in Garfield County at 252 County Road 167, 5321 County Road 154, and 250 County Road 167, Glenwood Springs. The source of supply is a proposed well. The contract amount is for 0.033 cfs and 0.8 AF. Andie Hall noted that the well under this contract is replacing an old well that was also shared by these three properties and that has quit producing sufficient water supply. Chris Geiger added that the old well permit included uses that no longer exist on the properties and that the lots were divided without notice to the District, so the new owners are cleaning up the water uses. Chris commented that he anticipates the applicants will cancel the other District contract once this contract is approved and they receive a new well permit. Chris also disclosed to the Board that this applicant is represented by Balcomb and Green and that the applicant is aware of Balcomb and Green’s representation of the District. Andie Hall reported that the application was properly published on the website; the Board has jurisdiction to consider operating the contract under 02CW77. Director Charles Spickert made a motion to approve the contract and operate it within 02CW77. Director Michael Kennedy seconded the motion, which passed unanimously.

f. Contract No. 830 – Roaring Fork Ranch LLC

The Board tabled review of this contract to allow the applicant to resolve the Division Engineer’s concerns.

g. Amendment to Contract No. 789 – Gregory H. Otto

Eric Mangeot presented this contract application for service under the District’s Case No. 02CW77 to cover depletions associated with one single family dwelling, one ADU, up to 5,000 square feet of irrigation, and stock watering (2 animals). The amendment removes the uses associated with Lot 3B, Gabossi Subdivision. Eric explained that this contract previously also covered Lot 3B of the Gabossi Subdivision and will instead cover Lot 3A because Lot 3B will be covered by another contract. The property is located in Eagle County at 128 Ronce Lane, Carbondale. The source of supply is Otto Well No. 1 (Well Permit No. 87207-F). The contract amount is for 0.033 cfs and 0.5 AF. Andie Hall reported that the application was properly published on the website; the Board has jurisdiction to consider the application. Director Jim Nieslanik made a motion to approve the contract. Director Michael Kennedy seconded the motion, which passed unanimously.

h. Assignment of Contract No. 320b – Gayle C. Waterman to Roaring Fork Club, LLC

Andie Hall reported that this assignment was completed in November 2023.

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

a. Case No. 20CW3107 Update – Basalt Water Conservancy District

Chris Geiger summarized this case and explained that it is a diligence application for the District’s project water rights, primarily the Basalt Conduit, which is a supply component of each contract that the District issues. Chris explained that the court found that the District has been diligent in developing these rights and confirmed an additional portion of the Basalt Conduit as absolute. Chris anticipates that the water judge will issue a decree by the end of January, which brings the District’s last active application to a close.

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

Chris Geiger reported that he is continuing conversations and pursuing progress in this case but did not have any substantive items to report at this time.

c. Resolution 2024-1 – Public Meetings Shall be Posted

Andie Hall explained that this Resolution is regarding the District’s compliance with the Colorado Open Meeting Law, which requires notice of public meetings to be posted on the District’s website, or alternatively, at the Basalt Town Hall and Eagle County Community Center. Director Michael Kennedy moved to approve Resolution 2024-1 and Director Charles Spickert seconded the motion, which passed unanimously.

d. Shoshone Permanency Effort

Chris Geiger reported on the status of the Shoshone Permanency Effort spearheaded by the Colorado River Water Conservation District (“CRD”). He explained that the District has been interested in Shoshone Permanency for a while and is a party to common interest in the cost sharing agreement with other west slope entities. He directed the Board’s attention to the handout summaries provided in the Board packet from the CRD. Chris reported that the next step for west slope parties is to pursue a \$20 million grant request from the CWCB, which with the CRD’s \$20 million contribution, is about 40% of the total purchase price. Subsequently, the CRD will seek federal funds. Finally, the deal will require \$10 million in local funding from west slope entities. Chris noted that the District will likely discuss this in the next year or two, but before those conversations, the CRD needs to negotiate an ISF agreement with CWCB to hold the Shoshone rights for ISF purposes. This will enable the CWCB to place a call to keep the water in the Colorado River when the power plant is not operating.

Director Jim Nieslanik asked about how it benefits the District, and Eric Mangeot explained that it will help keep Cameo call off. Chris Geiger added that it will help keep water in Ruedi Reservoir and that flows at Shoshone are essential to threatened and endangered fish species, of which four are in the lower Colorado River.

REPORT OF THE DIVISION OF WATER RESOURCES

Water Commissioner Bill Blakesly reported that the DWR's 2023 records keeping process is moving more smoothly this year with a new program. He noted that 2023 was an interesting year in that the state generally had enough water to serve almost all demand, but the current snowpack is not promising for a repeat year.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in January for the month of December. Director Jim Nieslanik moved to pay the bills, Director Charles Spickert seconded the motion, and it passed unanimously.

DIRECTOR REPORTS AND COMMENTS

No reports.

EXECUTIVE SESSION

None.

CONCLUSION

At 8:15 Director Charles Spickert moved to conclude the meeting. Director Michael Kennedy seconded the motion, and it was approved unanimously.