

**MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
February 10, 2026**

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on February 10, 2026 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 Teams online video conference and telephonically.

The District's attorney Andie Hall took the roll call. The following directors were present: Gary Knaus, Jim Nieslanik, Michael Kennedy, Tim Nieslanik, Charles Bailey, and Charles Spickert. There was a quorum.

The District's attorneys and Andie Hall of Balcomb & Green, and the District's engineer Eric Mangeot of Spheros Environmental Group Parent, Inc. ("Spheros") also attended.

INITIAL BUSINESS

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

The minutes from the January 13, 2026 meeting were considered by the Board. Director Jim Nieslannik moved to approve the January minutes, and Director Michael Kennedy seconded the motion, which carried unanimously.

REPORT OF THE ENGINEER (ERIC MANGEOT, SPHEROS)

a. Snowpack Summary

Eric Mangeot reported that the snowpack is currently 57% of median and is currently trending below water years 2012, 2017, and 2018. Eric noted that the snowpack peaked later in the season in 2018, which helped with the call the following year. He explained that the median is likely 52% of median in the Roaring Fork River watershed, which includes the Crystal River.

b. Gage Flows

Eric Mangeot reported that the Roaring Fork River stream gages near Aspen and near Emma are currently iced over, but the Roaring Fork River at Glenwood Springs is down by 102 cubic feet per second ("c.f.s.") at 328 c.f.s., compared to 430 c.f.s. at this time last year. Eric reported that the Fryingpan River near Thomasville was up at 261 c.f.s., which is up 225 c.f.s. from this time last year so he suspects a gage issue. He reported

that the Crystal River (1) above Avalanche Creek near Redstone is down by 1.4 c.f.s. at 40.3 c.f.s., and (2) at the DOW Fish Hatchery is down by 11 c.f.s. at 58 c.f.s. He reported that Ruedi Reservoir is 62.6% full at 64,134 acre feet (“AF”), which is 10,721 AF less than this time last year, and that the reservoir discharge rate is 49.1 c.f.s., which is down 31 c.f.s. compared to this time last year.

Eric and the Board discussed filling of Ruedi Reservoir, noting that Reclamation anticipates that the contract pool will fill. Director Charles Bailey inquired about deadpool levels and noted that the donation water to the Colorado Water Conservation Board in partnership with the Roaring Fork Conservancy has stopped because there is no ice in the Fryngpan River. Director Jim Nieslanik inquired about the discharge rate, to which Eric responded that operating principles guide the minimum flow rates.

Eric reported that the month of February has below average chances of precipitation.

c. Annual Assessment Rates

Eric reported on his memo included in the Board packet regarding the District’s annual contract fees. He noted first that the contract year, which historically ran from April 1 through March 31, will change in 2026 to run from April 1 through October 31 to align with the water year, and invoices will be sent again in November for contract year 2027, which will run from November 1 through October 31. Eric walked the board through how the District has elected to increase rates in the past and explained that the District increases rates based on the Consumer Price Index (“CPI”). Eric explained that the CPI for 2025 was 2.63%. He described the proposed rate increases according to the CPI increase. Eric also compared these proposed increases to the River District and West Divide Water Conservancy District. He noted that West Divide’s Colorado River augmentation plan is significantly cheaper, but specified augmentation plans are higher, which are more comparable to the District’s plans.

Director Michael Kennedy moved to increase the District’s rates as calculated. Director Tim Nieslanik seconded the motion, which passed unanimously.

d. Overage Memorandums to Contractees Discussion

Eric Mangeot reported that he had planned to provide the Board with a list of contract overages. He will be sending out letters to all contractees who were over allotted amounts to identify and resolve the problem. Director Gary Knaus asked how many contractees are over their allotted amounts. Eric responded about ten last year but estimates about 15 this year.

e. Other

None.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

- a. Reinstatement of Contract No. 286c and 509b – T.J. Dearmon, LLC
- b. Reinstatement of Contract No. 475c – Armand Margjeka and Margaret Allen Thompson

Andie Hall reported that she has been in communications with the contractees for Contracts No. 286c, 509b, and 475c, all of whom have been cooperative and are eager to reinstate their contracts and resume District service thereunder. Robert McLelland as Manager of T.J. Dearmon, LLC executed the Conditional Agreement to Reinstate Contracts No. 286c and 509b on January 26, 2026. Armand Margjeka and Margaret Allen Thompson executed the Conditional Agreement to Reinstate Contract No. 475c on January 7, 2026. Director Michael Kennedy inquired about the costs the District incurs in preparing these agreements, to which Andie explained the notification and strike process pursuant to a 2018 Resolution to identify contracts that need to be suspended is the most time consuming element, and that the reinstatement portion doesn't take as much time. The Board discussed imposing a reinstatement fee to recover these costs and directed Andie to estimate the costs associated with one contract and recommend a fee amount at the next Board meeting. Director Charles Bailey moved to approve and enter Reinstatement Agreements for Contracts No. 286c, 509b, and 475c. Director Jim Nieslanik seconded the motion, which was approved unanimously.

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

- a. Case No. 25CW3177, The Colorado Water Conservation Board, et al.

Andie Hall reported that the opposition period closed at the end of January for the Colorado River Water Conservation District's application to change the use of 1,408 c.f.s. of natural flow in the Colorado River, the Shoshone Rights, to include instream flow uses. She reported that 63 parties filed statements of opposition, of which 26 were in support of the requested change, 20 oppose it, and 17 request the River District to be held to strict proof.

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

Andie Hall reported that the applicant recently circulated a revised proposed ruling in this case, in which the applicant reduced diversions and depletions effectively in half. She noted that the applicant has not described how the water contemplated by the application will be divided between its two District contracts. Director Jim Nieslanik asked about the contracts specific to the applicant's allotment in Ruedi Reservoir. Eric Mangeot responded that the applicant wanted to have the water rights primarily under

its 87CW155 contract and the excess uses under private augmentation plan. The Board, Andie Hall, and Eric Mangeot discussed the water rights associated with this case and what the applicant is seeking.

c. Other

None.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in February for the month of January. Director Jim Nieslanik moved to approve payment, and Director Charles Spickert seconded the motion, which carried unanimously.

Director Michael Kennedy moved to accept the proposal from Barnes, Pearson, Rudow and to sign the engagement agreement. Director Charles Spickert seconded the motion, which carried unanimously.

DIRECTOR REPORTS AND COMMENTS

Director Charles Spickert reported that the big deadline for Colorado River negotiations is four days from now. This past week, representatives went to DC, including state governors, and no resolution was reached. This deadline will determine whether Reclamation will proceed with an alternative under its Draft EIS. He noted that California and Arizona continue to reiterate that the upper basin states need to make cuts and send water no matter what. The upper basin response is that changed hydrology prevents sending water.

Eric noted that he found a letter LRE did in 2018 regarding the District's pre-compact water rights that he can bring to the Board.

EXECUTIVE SESSION

None.

CONCLUSION

At 7:34 P.M., Director Tim Nieslanik moved to conclude the meeting. Director Charles Spickert seconded the motion, and it was approved unanimously.