MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
February 11, 2025

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on February 11, 2025 commencing at 7:08 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, Jim Nieslanik, Michael Kennedy, Tim Nieslanik, Max Macdonell, Charles Bailey, and Charles Spickert. There was a quorum.

The District's attorneys Chris Geiger and Andie Hall of Balcomb & Green and the District's engineer Eric Mangeot of LRE Water ("LRE") 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 January 14, 2025 meeting were considered by the Board. Director Michael Kennedy moved to approve the January minutes, and Director Tim Nieslanik seconded the motion, which carried unanimously.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Snowpack Summary

Eric Mangeot reported that the snowpack was approximately 100% of median a month ago and is currently about 80% of median. Eric reported that he is hopeful that storms this week will bring the snowpack closer to 100% of median. Eric is going to add 2020, which was a drought year, to this chart to compare to current snowpack levels.

b. Gage Flows

Eric Mangeot reported that Colorado has equal chances for precipitation in February. He reported the flows at the following stream gages: (1) the Roaring Fork River near Aspen is at 14.8 cubic feet per second ("c.f.s."), which is down by 1.3 c.f.s. compared to this time last year; (2) the Roaring Fork River near Emma was not reporting so he does not have any data; (3) the Roaring Fork River at Glenwood Springs is up from this time last year at 444 c.f.s.; (4) the Fryingpan River near Thomasville is up 14.6 c.f.s. at 36 c.f.s.; (5) the Crystal River above Avalanche Creek near Redstone is down

0.6 c.f.s. at 43.6 c.f.s.; and (6) the Crystal River at the Fish Hatchery is down 4.1 c.f.s. at 76.4 c.f.s. Eric reported that Ruedi Reservoir's discharge rate is down 3.8 c.f.s. at 80.2 c.f.s. and the reservoir is approximately 73% full at 74,770 acre feet ("AF"), which is 990 AF lower than last year. Eric noted that lower discharge rates compared to last year are good because they indicate that the snowpack is not melting as quickly.

c. Annual Assessment Rates

Eric reported on the memo included in Board packet regarding increasing contract rates. He explained that every year the contract rates are tied to the Consumer Price Index - All Urban Areas ("CPI") and that in several prior years, the District considered the January CPI. The January 2025 CPI calculation came out today, so Eric proposed to use the December CPI moving forward to be able to approve rate increases earlier. He then walked the Board through changes in the contract rates for each use and discussed comparisons to other water conservancy districts. Director Jim Nieslanik moved to approve the rate increases for next year as published. Director Charles Spickert seconded the motion, which passed unanimously.

d. Crystal River Augmentation Plan Discussion

Eric Mangeot reported that he met with the Colorado River Water Conservation District ("CRD"), Pitkin County, and the West Divide Water Conservancy District ("West Divide") regarding the proposed Crystal River augmentation plan on February 4. Eric reported that Pitkin County remains unfavorable toward Jane Way and would need to donate land to enable the project to move forward. CRD is requesting that Pitkin County at least allow a feasibility study.

Eric noted that the Beaver Lake Enlargement application was filed in January in water court. Balcomb & Green will review. Eric discussed options for how the District can participate with the Board, which concluded that the District does not want to alter its service area to include Gunnison County. The Board evaluated serving 10 potential contractees along the Crystal River. Eric noted that the combined replacement supply demand for these contractees is 25.29 AF, but the Johnson Ditch accounts for 17.2 AF of that total. Eric discussed potential options of limitations of in-house uses and minimal irrigation to reduce the demand. Eric will report back to the Board on how other entities are contributing to this proposed plan. The Board directed Eric to relay to the CRD, Pitkin County, and West Divide that the District will not alter its service area.

e. Overage Memorandums

Tabled to next month.

f. Other

None.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Third Amendment to Contract No. 381d – Harvest Roaring Fork, LLC

Eric Mangeot presented this amendment application for service under the District's Case No. 02CW77 umbrella plan and the Applicant's private plans for augmentation decreed in Cases No. 01CW187, 01CW188, 01CW189, 07CW164, and 08CW198 to cover depletions associated with development plans which include 1,123 residential EQR's, 50 commercial EQR's, a hotel, 7.0 acres of irrigation, and up to 1.0 surface acre of pond evaporation. The property is located along the east side of the Roaring Fork River at the mouth of Cattle Creek in Garfield County. The sources of supply are Coryell Ranch Roaring Fork Diversion River Edge Enlargement, Aspen Glen Well Nos. 1-7, Coryell Ranch Well Nos. 1-4, Glenwood Ditch, Stanton Ditch, Robertson Ditch, Posy Pump and Pipeline, REC Well Field, and REC Roaring Fork Diversion. The contract amount is increasing from 1.0 to 1.75 cfs and 27.8 to 73.3 AF. Eric explained that the applicant is working on its development plans and how replacements under Case No. 02CW77 need to be amended to cover the proposed uses. Eric and the Board discussed the supply sources and the Applicant's five decreed augmentation plans. Eric noted that the Applicant seeks to amend Contract No. 381 with a portion of the contract covering its private augmentation plan, a portion split use in a new umbrella contract, and a third private augmentation plan with domestic and commercial uses. Eric opined that replacement supplies split three ways will work and will be easier for the District to track and bill.

The Board discussed possible uses for irrigation rights associated with the property and get dry up credits. Eric reported that the District has plenty of water to supply this contract. Andie Hall discussed the land use process for this property with the Board and provided a summary of the District's limited scope of involvement under the Water Conservancy District Act, emphasizing that Garfield County makes the decision on whether the property is ultimately developed.

Director Jim Nieslanik moved to approve the amendment. Director Tim Nieslanik seconded the motion, which passed unanimously.

b. Amendment to Contract No. 809a – Sanaproperty 9, LLC

Eric Mangeot presented this amendment to cover depletions associated with a pending private augmentation plan in Case No. 22CW3125 for pond evaporation associated with Star Mesa Pond Nos. 1 and 2, an open water channel connecting the ponds, and wetland open water surface area. The amendment will cover the delayed return flows from October through April. The property is approximately 37.1 acres, is located in Pitkin County, and has an address of 1495 Star Mesa Drive, Aspen. The source of supply is Red Mountain Ditch. The contract amount is increasing from 2.9 to 4.3 acre

feet. Eric Mangeot explained that this amendment request is regarding their changed operations for shoulder season augmentation needs. Chris Geiger commented that the Applicant is not changing the amount, only the delivery schedule. Director Charles Bailey made a motion to approve the amendment. Director Charles Spickert seconded the motion, which passed unanimously.

c. Amendment to Contract No. 55b – Myers Real Estate Holdings, LLC

Eric Mangeot presented this amendment application for service under the District's Case No. 87CW155 Batch Augmentation Plan to cover depletions associated with 4.5 residences, commercial use, and 15,000 square feet of lawn and landscape irrigation. The property is located in Pitkin County and has an address of 555 and 565 Basalt Avenue, Basalt. The source of supply is Fiou #1 Well (Permit No. 29812-F). Eric explained the history of this contract and Andie Hall commented that both she and Eric had communicated with the contractee about the need for the contract, and that the contractee wished to maintain it. Eric concluded that the amendment corrects the legal description, and the contract will remain inactive. Director Tim Nieslanik made a motion to approve the amendment. Director Charles Bailey seconded the motion, which passed unanimously.

d. Assignment of Contract No. 525b – Roaring Fork Baptist Church to Oscar M. Vargas and Araceli Vargas.

Andie Hall reported the assignment was completed last month.

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

a. Case No. 24CW3112 Update –Home Supply Ditch Company

Andie Hall reported that the Applicant has not yet filed a response to the Division Engineer's Summary of Consultation Report and that the next status conference is scheduled for April 17th. She will update the Board on this case on the response or the status conference, whichever occurs first.

b. Area A-5 Service (marketing)

Andie Hall reported that after the Board passed Resolution 2025-3 regarding issuing contracts in Area A-5 with supplies in Ivanhoe reservoir, she is working with Eric and Chris to compile a list of professionals in the valley, including engineers, lawyers, title companies, and the like to send a letter notifying them that the District is accepting contract applications for Area A-5.

c. Memorandum of Cancellation for Contract No. 719 – Kevin Jones

Andie Hall reviewed the history of this contract with the Board, noting that it benefits a property that was once benefitted by two contracts (377 & 719) and the cleanup process for these contracts started in 2022. She summarized the issues with the contract, including that it needed to be assigned to the current property owner and annual fees needed to be paid, but per direction from the Board and discussions with the Division of Water Resources, no action was taken for several months in 2023. She reported that she discussed this contract with Melody Morris who indicated that it was no longer in LRE's system. Accordingly, she recommended that the Board execute a memorandum of cancellation of this contract. Director Michael Kennedy moved to execute a memorandum of cancellation. Director Tim Nieslanik seconded the motion, which carried unanimously.

d. Bylaws and Water Marketing Policy

Andie Hall reported that the District currently operates based on a collection of Resolutions that it has adopted over the years, which inform its operations and address issues that arise with contracts. She noted that the Board should consider whether it would like to adopt bylaws to provide a resource and guidance on Director duties and obligations and a separate water marketing policy that describes the District's operations and how someone can participate. Chris Geiger commented that bylaws are not required under the Water Conservancy District Act and that a water marketing policy could allow contract documents to be abbreviated into the marketing policy or rules and regulations. He noted that this would increase efficiency by having rules and regulations in one place for the Board and contractees to access and reference. This would be easier to update and keep current than the collection of resolutions. The Board discussed the benefits of bylaws and a water marketing policy. Chris noted that this project should be within budget for the year and would likely take 2-3 months to draft and discuss each document with LRE and the Board. The Board directed Balcomb & Green to proceed.

e. Other

None.

REPORT OF THE DIVISION OF WATER RESOURCES

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. Director Tim Nieslanik seconded the motion, which carried unanimously.

DIRECTOR REPORTS AND COMMENTS

Director Charles Spickert reported on the Basin Roundtable Meeting. He reported on the $40 million to complete the Shoshone water right purchase that was later frozen. Chris Geiger commented that there isn't a concern that the funding will be permanently repealed because the freeze is largely targeted toward environmental and DEI initiatives. Chris noted that the Shoshone Permanency Effort has strong support on the west slope and statewide from elected representatives. The Board discussed the timeline for acquiring the water rights, proceeding through water court, and making payments.

Director Michael Kennedy reported that the District's C-safe account is substantially higher than when the District pledged its support of $100,000 for the Shoshone Permanency Effort; the C-Safe is performing well on interest. Chris Geiger opined that the District was likely a positive influence on west slope entities and their respective pledge amounts after seeing the District's pledge amount.

EXECUTIVE SESSION

None.

CONCLUSION

At 8:29, Director Charles Bailey moved to conclude the meeting. Director Jim Nieslanik seconded the motion, and it was approved unanimously.