MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
January 13, 2026

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on January 13, 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: Jim Nieslanik, Jeff Nieslanik, Michael Kennedy, Tim Nieslanik, 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 Spheros Environmental Group Parent, Inc. ("Spheros") also attended.

INITIAL BUSINESS

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

The minutes from the December 9, 2025 meeting were considered by the Board. Director Michael Kennedy moved to approve the December minutes, and Director Jeff Nieslanik seconded the motion, which carried unanimously.

REPORT OF THE ENGINEER (ERIC MANGEOT, SPHEROS)

a. LRE Water Now Part of Unified Branding under Spheros Environmental

Eric Mangeot reported that Resource Engineering was acquired by LRE Water and in 2024, Spheros merged with LRE Water and recently decided to do a unified branding effort across the company. The only thing that changed was the name.

b. Annual Operating Plan Summary

Eric reported that the annual operating plan was completed on December 9. As of October 31, the total number of District contracts is 726. Of those, 206 contracts are in the batch augmentation plan, 295 are in the umbrella plan, and 225 are associated with private augmentation plans. Nine contracts are split between the batch and umbrella plans and one contract (No. 150) is split three ways between the batch, umbrella, and a private augmentation plan.

Eric explained that if there was a year round call in 2025, out of priority depletions would have been 2,697 acre feet ("AF"), noting that we never have a year round call. Eric noted that of that amount, he fully allocated the District's Troy and Edith Ditch rights and included a buffer for the District's Robinson Ditch rights in case the District issues more contracts or more contracts become active. Eric reported that Water Year 2024 to 2025 included an additional 106 AF, due to plans becoming active (or active soon). Director Jim Nieslanik asked whether the plan goes to the state, to which Eric responded that it gets submitted to the Division Engineer's Office ("DEO") and water commissioners who can then provide comments.

c. Umbrella Plan Summary / Tracking

Eric Mangeot reported that he tracked maximum average daily diversions and depletions for the District's 02CW77 case, which includes four diversion and depletion exchanges based on geographic subareas. He reported that the District is still under its decreed exchange rates and has capacity to issue a number of contracts in each subarea. Eric identified that the District can issue 58 additional contracts in Area A2, 102 contracts in Area A3, and 184 contracts in Area A4, noting that the number of contracts that can be issued can go up year to year based on depletions.

d. Active Private Augmentation Plan Sources of Supply

Eric reported to the Board that the DEO asked for a summary of the District's augmentation amounts from each of its sources of supply. Eric walked the Board through the obligation on contractees with private plans for augmentation to perfect their exchanges using District supplies and that the DEO decided that each exchange reach needs to eventually be made absolute. Eric explained how District makes releases to accommodate that policy and that he may review which private augmentation plans have absolute exchanges and adjust release sources accordingly.

e. Actual Diversions Memo (Meter Records)

Eric reported that some contractees are still having issues submitting meter reading records, but that he received meter readings for 332 contracts, with 98 additional contracts that are evaporation only and/or rainwater harvesting (engineering calculation without meter). He noted that he does not collect gravity diversion records because full diversion amounts are not depleted. He reported that 287 contracts did not report data, but 50 were fairly new in last few years.

Eric explained to the Board that the DEO wants the District to augment just depletions. Eric has calculated this for several hundred contracts already and plugging in the amount of diversions will result in a monthly depletion record. The goal is to get all umbrella and batch plan contracts to where we can identify month to month depletions because the District has been over-augmenting the stream.

f. Bureau of Reclamation WY 2025 Actual and Updated Project Releases Contract Year 2026

Eric reported that the District is required to report actual water uses from Ruedi Reservoir and Green Mountain Reservoir. Eric included 6 AF for May of 2025 as anticipated exchange volume into Ivanhoe Reservoir (anticipated because the District has not received accounting for its pro rata evaporation amount; the Busk Ivanhoe Authority was still working on it in late December). For contract year 2025, which ends in June 2026, Eric included the 500 AF donation to Colorado Water Conservation Board ("CWCB") for prevention of anchor ice. He reported that the Bureau released 284.5 AF under donation to the CWCB from December 22-31 and is now using Colorado River District water.

g. Crawford Dry-up for 2026 Irrigation Season

Eric Mangeot reported that in the packet is the annual letter to the Crawfords letting them know that the District needs its full amount of dry up credits. Director Jim Nieslanik inquired about the term of the agreement. Eric responded that the District can likely stop providing the letter and that the Crawfords can operate within their contracts.

h. Gage Flow Summary

Eric Mangeot reported on the following stream gages: the Roaring Fork River (1) near Aspen is up 0.4 cubic feet per second ("c.f.s") compared to this time last year at 18.5 c.f.s, (2) near Emma is down 78 c.f.s. at 218 c.f.s., and (3) at Glenwood Springs is down by 54 c.f.s. at 387 c.f.s.; the Fryingpan River near Thomasville is down 9 c.f.s. compared to this time last year at 29.1 c.f.s.; and the Crystal River (1) above Avalanche Creek near Redstone is up 1 c.f.s. at 47.5 c.f.s., and (2) at the DOW Fish Hatchery is down 0.4 c.f.s. at 70.6 c.f.s.

Eric reported that Ruedi Reservoir is 64% full at 65,517.1 AF, which is down by 11,261.2 AF compared to this time last year, and Ruedi Reservoir's discharge rate is 55.5 c.f.s., which is down by 6.6 c.f.s.

Eric reported that the month of January has equal chances of precipitation with slightly above chances in the northwest corner of the state.

i. Snowpack Summary

Eric reported that snowpack is trending near 2012 and 2018 snowpack years, and is approximately 62% of median.

j. Annual Assessment Rate Discussion

Eric reported that he will provide recommendations on contract fee increases based on the Consumer Price Index at next month's Board meeting.

k. Other

Eric reported that the District's website was renewed for another five years to January 2031.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Cancellation of Contract No. 781a – 768 Kings Lake, LLC

Andie Hall reported that this Contractee requested termination of this contract as they do not use the Sarten Pump & Pipeline and have dismantled all of the irrigation pipes. Eric provided some additional background. Director Jim Nieslanik made a motion to approve the cancellation. Director Charles Bailey seconded the motion, which passed unanimously.

b. Reinstatement of Contract No. 666 – Jaime Araujo

Jaime Araujo executed the Conditional Agreement to Reinstate Contract No. 666 on January 2, 2026. Director Charles Bailey made a motion to approve the reinstatement of Contract No. 666. Director Tim Nieslanik seconded the motion, which passed unanimously.

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

a. Case No. 25CW3099 – Decree Entered

Andie Hall reported that the water judge entered the water referee's ruling in this case as the final decree. This decree continues the District's conditional Area A-3 exchange for another six years.

b. Case No. 24CW3112 – Opposition to Home Supply Ditch Company

Andie Hall reported that she and Eric have been working with the attorneys and engineers for the other opposers on a second joint response to the Applicant in this case. She reminded the Board that the Home Supply Ditch company applied for junior conditional water rights, including to make one absolute, but has not shown that it can and will use this water, or that any of its diversions can be attributed to the junior right because it has sufficient water under its more senior rights. She explained that the opposers filed a brief cover letter with a detailed engineering memo that addressed

everything from the soil composition, to irrigated acreage, to sprinkler irrigation efficiencies, to the duty of water calculations. This response was due to the Applicant on January 8th and a copy was distributed at the meeting. Andie noted that the Applicant has until March 20 to respond.

Eric added that the Applicant didn't respond to any of the Opposers' concerns and that he did an engineering evaluation of the irrigated areas to show that the Applicant is irrigating half of what it can under its already absolute senior decrees and there is no need for the third enlargement. These water users already have the water, it's just not managed well.

c. Case No. 25CW3191 – Opposition to West Divide Water Conservancy District

Andie Hall reported that the West Divide Water Conservancy District filed its application for approval of its umbrella plan for augmentation that will serve the Crystal River Basin. Andie noted that a copy of the application was included in the Board packet and presented a statement of opposition for the Board's consideration with the understanding that it will be friendly opposition to monitor the case and ensure the outcome is consistent with the IGA between the District and West Divide.

Director Tim Nieslanik moved to oppose the West Divide application, and Director Jeff Nieslanik seconded the motion, which passed unanimously.

d. Case No. 25CW3096 – Opposition to City of Aspen

Andie Hall reported that the City of Aspen circulated a response to the Division Engineer's Summary of Consultation Report and a proposed ruling to the opposers on December 19 in its case to change the place of several conditional storage water rights. Andie reported that she has shared these initial filings and the preliminary engineering report with Eric and they will collaborate on a response to Aspen to ensure that the requested change does not impact the District's water rights or interests.

Chris Geiger gave a background to this case and the prior diligence case that resulted in the change case, which proposes to move Aspen's storage rights closer to the mainstem of Roaring Fork River. The District authorized filing opposition because the requested relief could have both positive and negative effects to the District and the Roaring Fork River hydrology in general; the District doesn't want the proposed change to result in an enlargement in the amount of water the City would have captured at decreed locations.

e. Suspension of Contracts for Failure to Submit Meter Readings

Andie Hall reported that she has been working with Melody and Britt on the distribution of suspension letters to contractees who have failed on three occasions to submit meter readings. She reported that Balcomb & Green sent seven letters (plus one

requesting payment of annual fees), received six responses, and have gotten one signed reinstatement agreement back for the Board's consideration as mentioned above. She reported that she only has a few more problem contracts to work through until Melody notifies her otherwise.

f. Director Appointments

Andie Hall reported that she attended a Director appointment hearing on December 11, immediately after which, the court entered an order appointing Directors Spickert and Bailey for another term to serve until 2029.

g. Posting and Officer Resolutions

Andie Hall reported that two resolutions were included in the Board packet – one to address posting requirements and one to address appointment of officers of the Board. Andie explained that historically, the District has resolved to post notice of its meetings at a couple physical locations within the District's boundaries in addition to the District's website, but that current statute encourages only electronic posting. The resolution presented to the Board is reflective of this. Director Jim Nieslanik moved to post notice exclusively on the District's website. Director Tim Nieslanik seconded the motion, which passed unanimously.

Andie then explained that the second resolution is to appoint a President, Vice President, Secretary, and Treasurer. She explained the current officers under an existing resolution from 2021 and that they are able to serve until their successors are appointed. She noted that Balcomb & Green is continuing to work on bylaws and rules and regulations for the District and will likely recommend an annual appointment of officers. This resolution is an intermediary step. Director Jim Nieslanik moved to appoint the following directors: (1) Director Gary Knaus as President, (2) Director Charles Spickert as Vice President, (3) Director Michael Kennedy as Secretary, and (4) Director Tim Nieslanik as Treasurer. Director Jeff Nieslanik seconded the motion, which passed unanimously.

h. Other

Financial: Andie Hall reported that Tiffanie Rudow notified her that the state accepted the District's budget. She also reported that Britt reached out to Melody and Tiffanie to see if they had thoughts on the District obtaining the ability to do remote deposits with Alpine Bank. This would save time and Alpine Bank currently charges $35 fee per month for this ability. Melody and Tiffanie agreed it would be beneficial to the District, but recommended negotiating with Alpine to waive or reduce the monthly fee.

Chris Geiger noted that the District will likely save money by using remote deposits. Director Jim Nieslanik encouraged the Board to proceed with whatever process is best and easiest. Director Charles Bailey moved to authorize the District's consultants to

pursue remote deposits. Director Jim Nieslanik seconded the motion, which passed unanimously.

Shoshone: Chris Geiger reported that the Colorado River Water Conservation District ("River District") alongside Public Service Company and CWCB filed an application to change the Shoshone water rights to add instream flow use on November 20. He explained that the River District quickly filed the application before anyone who was aggrieved could file a challenge under the Administrative Procedure Act, which could occur outside of water court; the application put everything in water court immediately. Chris recommended that the District file a friendly statement of opposition in this case. Chris received a request today from the River District for West Slope supporters to file opposition based on their interests as committed funders. Chris noted that in District's case in particular, it has an agreement with Aurora that Aurora will conditionally support the senior Shoshone rights, so this opposition is an opportunity to enforce that contractual obligation. Chris noted that he anticipates that this case will go straight to the trial track, which doesn't mean that the District needs to actively participate at trial but ensures a front row seat and potential participation, or at least monitoring settlement and mediation that will occur. Director Jeff Nieslanik moved to authorize Balcomb & Green to file a statement of opposition to the River District's application. Director Tim Nieslanik seconded the motion, which passed unanimously.

REPORT OF THE DIVISION OF WATER RESOURCES

None.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

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

DIRECTOR REPORTS AND COMMENTS

Director Jim Nieslanik inquired if water commissioner Bill Blakselee is retiring, to which no one had a clear answer. Jim noted and appreciated the value Bill provides to the Board. Chris noted that the Board might consider inviting the new Division Engineer to attend a meeting.

Director Jeff Nieslanik inquired about the status of Colorado River compact negotiations. Chris Geiger reported that the Bureau of Reclamation recently issued a Draft Environmental Impact Statement, which outlines several options to proceed.

Director Chales Bailey inquired about how the call on the Colorado works and the related process. Chris Geiger explained that on an interstate level, none of the upper basin states have promulgated any state level rules to implement a call, but the lower basin states may

trigger a call through the Bureau of Reclamation. Andie Hall explained that on an intrastate level, whoever places a call notifies the Division of Water Resources that their water rights are not being satisfied and the water commissioners then administer the call.

Director Charles Bailey also inquired about drought preparedness, planning, and education. Chris Geiger responded and explained conservation programs are included in various District stipulations. Chris noted that the low hanging fruit for conservation are ponds and the associated evaporation replacement. Eric Mangeot noted that education could be worthwhile, but several contractees are already reducing water use.

EXECUTIVE SESSION

None.

CONCLUSION

At 8:05 PM, Director Tim Nieslanik moved to conclude the meeting. Director Jim Nieslanik seconded the motion, and it was approved unanimously.