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

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on November 11, 2025 commencing at 7:09 p.m. in the Board Room at the Third Street Center, 520 South Third Street, Carbondale, Colorado. The meeting was also held telephonically, though the recording equipment malfunctioned.

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

The District's attorneys Chris Geiger and Andie Hall of Balcomb & Green, the District's engineer Eric Mangeot of LRE Water ("LRE"), the District's Accountant Tiffanie Rudow, and Water Commissioner Bill Blakeslee also attended.

INITIAL BUSINESS

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

The minutes from the October 21, 2025 meeting were considered by the Board. Director Michael Kennedy moved to approve the October minutes, and Director Jim Nieslanik seconded the motion, which carried unanimously.

REPORT OF THE ACCOUNTANT

Tiffanie Rudow 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. Tiffanie explained that she and the Board went through the budgets line by line last month and that there were no changes to enterprise budget. She reported that she updated the Administration Budget with property taxes and the emergency reserve changing from the audit. Tiffanie estimates obtaining a temporary credit for the District's mill levy and will get certifications of value from the counties within the District's boundaries in two to three weeks; she doesn't anticipate changes based on the certifications.

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 meeting, and may consider them for adoption at this meeting. No public comment was received prior to or during the formal budget hearing.

After further discussion, Director Jim Nieslanik moved to approve and adopt the Enterprise Budget for calendar year 2026, which motion was seconded by Director Jeff Nieslanik and unanimously approved. Director Charles Bailey moved to approve and adopt the Administrative Budget and set the mill levy at 0.039 for calendar year 2026, which motion was seconded by Director Charles Spickert and unanimously approved. Director Charles Spickert moved to appropriate funds for the Administrative Budget and the Enterprise Budget for calendar year 2026, which motion was seconded by Director Jim Nieslanik and unanimously approved. The budget hearing was concluded.

Tiffanie provided a quick update that she will be installing QuickBooks Enterprise soon and working with Melody in the next few weeks so that it is running by the beginning of the year.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Gage Flow Summary

Eric Mangeot reported that stream gages are down: the Roaring Fork River (1) near Aspen is down by 7.9 cubic feet per second ("c.f.s.") compared to this time last year at 18.1 c.f.s., (2) near Emma is down by 107.0 c.f.s. at 272 c.f.s., and (3) at Glenwood Springs is down by 74 c.f.s. at 492 c.f.s; the Crystal River (1) above Avalanche Creek near Redstone is down by 4.7 c.f.s. at 60 c.f.s., and (2) at the DOW Fish Hatchery is down 21.8 c.f.s. at 78.2 c.f.s.; the Fryingpan River near Thomasville is down 5.6 c.f.s. at 26.2 c.f.s. He reported that Ruedi Reservoir is 65% full at 66,5431 acre feet ("AF"), which is down by almost 9,000 AF compared to last year, and that Ruedi Reservoir's discharge rate is down 25.1 c.f.s. at 41.4 c.f.s.

He concluded that the month of November has slightly below normal chances of precipitation.

b. Annual Operating Plan Update

Eric Mangeot reported that at this time of year, he starts determining the actual diversions and depletions for the District's contracts and replacement supplies, including compiling meter readings. He noted that he typically requests an extension from the Division Engineer's Office ("DEO"), but the DEO circulated an email making the deadline the end of the year. Eric will still aim to get his report completed by early December.

c. Busk-Ivanhoe Reservoir Accounting Update

Eric reported that he reached out to the Busk Ivanhoe Authority ("Authority") because he hadn't received accounting. Alan Ward (Pueblo Water) responded that the Authority

has a new accounting system that it needs to review, but once it is up and running, he will communicate the District's storage with Eric.

d. Billing Update

Eric reported on behalf of Melody Morris that she has billed out $678,777 and collected $619,000, which is nearly on target with LRE's billing projections.

e. Other

Eric noted that he received a notice from the domain provider that the website expires in January, so the District will need to renew. He explained the account is set to auto renew on April 4th, and Eric will renew it for five years.

Eric initiated a discussion regarding contract application no. 222 for Big Hat LLC. Eric reminded the Board that the application needed to be re-noticed and would be ready for the Board's consideration at its December meeting. Eric explained that the applicant will not separate from the other system under the Big Hat HOA's contract. Eric recommended language in this contract, if approved, that if the well becomes a replacement supply, the applicant would need permission from the HOA and HOA would need to amend its contract down. The Board and Eric discussed how the District would know if the applicant is using both sources. Eric explained that the irrigation demand in this application is greater than what is covered under the HOA's contract, so the applicant could eventually just have irrigation under the well. The Board requested protective language for the District if the well becomes a replacement supply.

Chris Geiger commented that the replacement water for depletions from irrigation and domestic use could be released under either contract, but the irrigation amount in excess of what is covered under the HOA's contract could only have replacement supplies released under the new contract, if approved.

The Board requested Balcomb & Green and LRE provide it with a memo and recommendation in December.

Water Commissioner Bill Blakeslee noted that the Division of Water Resources ("DWR") Denver office has become involved with the applicant's well permit application.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Inclusion No. 267 / Contract No. 866 – Robert L. Andre, Barbara J. Andre, Husband and Wife, as Joint Tenants, as to undivided 87.15% interest and Laurie L. Waterman as to an undivided 12.85% interest

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 plan for augmentation to cover depletions associated with a single-family dwelling, two small cabins, and 5,000 square feet of irrigation. The Applicant is also requesting inclusion into the District's boundaries. The property is in Eagle County at 290 Ruedi Creek Road, Basalt in Area A2 outside Division 7. The source of supply is the Bear Spring. The contract amount is for 0.022 cfs and 0.4 AF. Eric noted that the applicant has an exempt well, but the water quality has been poor so the applicant switched to nearby spring and needs to augment it. Water Commissioner Bill Blakeslee noted that the applicants contacted him about six months ago and that the DWR's Denver office rejected their permit application for their spring twice. As a result, Bill recommended they obtain a District contract to allow them to use the spring. Andie Hall reported that notice of both the petition for inclusion and the application was properly published in the newspaper and on the website; the Board has jurisdiction to consider operating the contract within Case No. 02CW77. Director Jeff Nieslanik made a motion to approve the contract and inclusion. Director Michael Kennedy seconded the motion, which passed unanimously.

b. Contract No. 872 – Chanel Holdings, LLC

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 plan for augmentation to cover depletions associated with a single-family dwelling and 0.67 acre of irrigation. The property is in Pitkin County at 227 Eagle Pines Drive, Aspen. The source of supply is from Chanel Holdings Well No. 1 (Permit No. 339839). Eric noted that the subdivision is not part of the Buttermilk Metropolitan District so applicant wants to augment the existing well. The contract amount is for 0.011 cfs 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 Case No. 02CW77. Andie Hall disclosed that the applicant is a client of Balcomb & Green in accordance with District Resolution 2024-3. Director Jim Nieslanik moved to approve the contract. Director Michael Kennedy seconded the motion, which passed unanimously.

c. Amendment to Contract No. 855 – Richard J. Gardner and Donna K. Gardner

Eric Mangeot presented this amendment for service under the District's Case No. 02CW77 plan for augmentation to cover depletions associated with a single family dwelling, ADU, Barn, 1.0 acre of lawn and landscape irrigation, and a 20,000 gallon fire suppression tank. The amendment is seeking to include the 20,000 gallon fire suppression tank and no other changes are made to the contract. The contract depletions remain the same at 2.4 AF. The property is located in Pitkin County and has an address of 1350 Lower River Road, Snowmass. Eric reported that the amendment was required because it was a change in the allowable uses under the contract. The source of supply is from the Gardner 2 Well (Permit No. 89917-F). Andie Hall reported that the application to amend was properly published on the website and the Board has

jurisdiction to consider it. Director Charles Spickert made a motion to approve the amendment. Director Jeff Nieslanik seconded the motion, which passed unanimously.

d. Assignment of Contract No. 812a – Namuranch LLC to Little Highlands Ranch LLC; Assignment of Contract No. 764a – Q4 Snowmass Ranch, LLC to KAO Snowmass, LLC; and Assignment of Contract No. 862a – 34 Twining LLC and 50 Twining LLC to 44 Nonantum LLC

Andie Hall reported that the assignments were completed last month.

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

a. Case No. 25CW3099 – Diligence Case

Andie Hall and Chris Geiger reported that they have prepared a proposed ruling in this case and will file it this week for the court's consideration.

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

Andie Hall reported that Balcomb & Green received a response from the Applicant's attorney in response to the joint engineering memorandum and legal letter and that the response was largely argumentative. She reminded the Board that the District was largely concerned about the speculative nature of the water rights claimed in this application and that the Applicant needs to demonstrate that it can and will use the water. She reported that she met with Eric Mangeot for an initial strategy discussion as to how to respond to the Applicant and that they are working on several action items from that meeting. Andie conferred with counsel for the other opposers and filed a motion for extension of time to allow the District and the other opposers additional time to respond to the Applicant due to the delay in receiving the Applicant's letter. The District and the other opposers will continue to collaborate in this matter and she will update the Board as it progresses. Eric noted that he has a meeting schedule with the other opposers' engineers.

c. Crystal River Augmentation Plan

Andie Hall provided a recap on the status of the draft intergovernmental agreement ("IGA") between the District and the West Divide Water Conservancy District ("West Divide") for service in the Crystal River Basin. Chris Geiger noted that he spoke with counsel for West Divide regarding the language in the IGA. A copy of the draft that Chris shared with West Divide's counsel was included in the Board packet. Chris reported that there are two outstanding issues to discuss: (1) the proposed extra-territorial service fee and (2) the District's service area under the IGA.

Chris explained that the West Divide decreed boundary line generally runs up the center line of the Crystal River, but its counsel recently informed Chris that it slightly crosses

over the river in one location. Chris explained that the District's decreed jurisdictional boundary doesn't entirely follow centerline of the Crystal River and essentially ends at Division 5 and that the southern boundary slightly extends into Pitkin County. Chris noted that when Directors and attorneys for the two districts met, Chris understood that West Divide did not want to include properties outside of its boundary (east of the Crystal River) to provide water service. Chris noted that the District's service area is not the same thing as its decreed boundary; its service area is just the area in which the District will entertain contracts as a matter of practice. The District took the position that if property is located on the east side of the Crystal River, the District will serve it. Chris remarked that West Divide seemingly didn't understand this concept of the service area boundary and wanted to include properties near Division 4, creating a disconnect for properties not in West Divide's decreed boundaries but that West Divide doesn't want to include into its boundaries.

Director Charles Spickert and Eric Mangeot discussed the number of potential contractees in this area.

Chris noted that a significant value to the District in defining its service area for purposes of the IGA as extending into Pitkin County is that would allow the District to remain a participant in Pitkin County water supply matters.

The Board and the District's contractors discussed West Divide's proposed extra territorial service fee, whether and how $45 would be rational, and how much weight to place on this question.

Eric Mangeot noted that having the District's service area extend to the Gunnison County line will allow the District the possibility of a future independent augmentation plan.

Director Jim Nieslanik inquired about the possibility and reality of the District obtaining its own supplies. Chris responded in the context of the IGA and discussed the flexibility for additional supplies to be added to West Divide's augmentation plan. Gary added the possibility of the District purchasing agricultural dry up credits and potential future small reservoirs.

Chris Geiger requested the Board's conditional approval of an agreement that resolves the two issues that the Board has been discussing.

Director Charles Bailey moved to resolve to authorize the District's officers to execute an agreement in the form provided, confirming that the District's service area extends to the Gunnison County line on the east side of the Crystal River, and stating that the District will retain its mill levy proceeds but West Divide may charge an extra territorial service fee. Director Jim Nieslanik seconded the motion, which passed unanimously.

d. CWCB Lease

Andie Hall reported on the status of the District's one year donation of Ruedi Reservoir water to the Colorado Water Conservation Board ("CWCB") to bolster instream flows in December 2025 to prevent the formation of anchor ice. She reported that pursuant to the terms of the lease agreement, the District will make up to 500 AF available from Ruedi Reservoir in the month of December. The District's sole obligation is that Eric Mangeot has to help coordinate releases with the Bureau of Reclamation and the CWCB. Chris noted that the Board previously effectively approved, but has not signed, the lease agreement. He recommended that the Board sign the agreement so that it can be presented to the CWCB next week. The Board held a brief discussion on the duration of the lease. Director Charles Bailey moved to execute the lease agreement with the CWCB. Director Charles Spickert seconded the motion, which passed unanimously.

e. Director Appointments

Andie Hall reported that the court has not received any other applications for District Directors and that she will attend the appointment hearing in December.

f. December Meeting Plan

The Board and Chris Geiger discussed the Board's December meeting and decided to begin the meeting at 6:00.

g. Other

Andie Hall reported that she received approximately ten contracts from Melody Morris which have not submitted meter readings for several years. She explained that she is currently reviewing the contract files and will issue suspension letters in accordance with District Resolution 2018-2.

REPORT OF THE DIVISION OF WATER RESOURCES

No report.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in November for the month of October. Director Jim Nieslanik moved to approve payment, and Director Michael Kennedy seconded the motion, which carried unanimously.

DIRECTOR REPORTS AND COMMENTS

Director Charles Spickert reported that today was when the Colorado River parties were to come to an agreement for operating guidelines, but they have not done so.

EXECUTIVE SESSION

None.

CONCLUSION

At 8:25 p.m., Director Charles Spickert moved to conclude the meeting. Director Jeff Nieslanik seconded the motion, and it was approved unanimously.