MINUTES OF MEETING OF BOARD OF DIRECTORS
BASALT WATER CONSERVANCY DISTRICT
June 11, 2024

CALL TO ORDER

The Board of Directors of the Basalt Water Conservancy District met on June 11, 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, Tim Nieslanik, Jim Nieslanik, Max Macdonell, Charles Bailey, Dean Seader and Charles Spickert. There was a quorum.

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

INITIAL BUSINESS

Director Max Macdonell 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 May 14, 2024 meeting were considered by the Board. Director Dean Seader moved to approve the May minutes, and Director Michael Kennedy seconded the motion, which carried unanimously.

REPORT OF THE ENGINEER (ERIC MANGEOT, LRE WATER)

a. Final Snowpack Summary

Eric Mangeot reported that snowpack was 173% of median as of June 5.

b. Gage Flows

Eric Mangeot reported that the streams are either at peak or have peaked. He reported the following flow rates: the Roaring Fork River near Aspen is up by 69 cubic feet per second ("cfs") compared to this time last year at 326 cfs; the Roaring Fork River near Emma is exactly the same as it was this time last year at 1,610 cfs; the Roaring Fork River at Glenwood Springs is down by 270 cfs at 3,490 cfs; the Fryingpan River near Thomasville is up 117 cfs at 390; the Crystal River near Redstone above Avalanche Creek is up 70 cfs at 1,280; and the Crystal River at the Fish Hatchery is up 150 cfs at 1,790. Eric reported that Ruedi Reservoir is 75.9% full and discharging at a rate of 269 cfs. He concluded by noting that the month of June has forecasted equal chances of above or below precipitation.

c. Ivanhoe Storage Exchange Update

Eric Mangeot reported that the District currently has water moving into Ivanhoe Reservoir and that he spoke with the Busk-Ivanhoe Authority who is starting the accounting and moving water. Eric noted that the Busk-Ivanhoe Authority still has some details in its accounting to resolve, but the District is getting its 50 cfs exchange into the reservoir.

d. Crystal River Augmentation Plan Update

Eric reported that he and Chris Geiger met with the West Divide Water Conservancy District representatives regarding the District's participation in the Crystal River Augmentation Plan.

e. Roaring Fork Conservancy Ruedi Storage Request Update

Eric Mangeot reported that the Roaring Fork Conservancy District is seeking winter release water and that he previously calculated that the District could donate around 500 acre feet ("AF"). Eric commented that the Roaring Fork Conservancy District would be willing to present to the Board in July or August.

WATER ALLOTMENT CONTRACT ASSIGNMENTS, AMENDMENTS, INCLUSIONS AND CONTRACTS

a. Amendment to Contract No. 313b – MambaOn3 LLC

Eric Mangeot presented this contract application for service under the District's Case No. 02CW77 to cover depletions associated with proposed ranch garage / barn with staff living quarters above the garage, 3 bathrooms, 4 single family homes with an attached caretaker unit, 4,000 square feet of lawn and landscape irrigation and evaporative losses associated with a proposed 0.36 surface acre pond. The amendment adds the proposed ranch garage / barn and 3 bathrooms and increases the depletions from 2.2 to 2.6 AF. The property is located in Eagle County and is described as Lot 1, Carricarte Property Exemption. The sources of supply are the Home Supply Ditch, Nash and Peterson First Enlargement and the Diemoz Well No. 3 (Well Permit No. 38018-F). The contract amount is for 0.033 cfs and 2.60 AF. Water Commissioner Bill Blakeslee commented that he met with the ranch manager for this property to discuss their plans and he does not see any problems with the request. The Board discussed the number of lots within the property and the contractee's plans therewith. Eric commented that the additional possible future homes would use approximately 0.5 AF of water. Director Jim Nieslanik made a motion to approve the contract. Director Tim Nieslanik seconded the motion, which passed unanimously.

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

a. Website Redesign

Andie Hall recapped the status of the website redesign and the Board asked whether B&G or LRE had a preference of which company to use. Andie Hall explained that Align Multimedia and Blizzard Press were quite similar and Eric noted that blizzard had problems with interactive map feature in the past. The Board discussed. Director Dean Seader moved to contract with Align Multimedia for the District's website redesign and hosting. Director Tim Nieslanik seconded the motion, which carried unanimously.

b. 2023 Auditor Engagement

See accountant's report below.

c. Thomas Bailey Contracts

Chris Geiger provided a brief history of these contracts for the Board, explaining that the District has been treating them as cancelled, but has not formally cancelled them. He explained that the Board needs to sign the memoranda of cancellation.

d. Contract Suspensions (nos. 121a, 276b, 288, 270, and 405a)

Andie Hall reported to the Board that Balcomb & Green sent out notice of contract suspension letters for third failure to submit annual meter readings to the above listed contractees. She summarized the parties and status of each and recommended that if we do not get a response prior to the July Board meeting, Balcomb & Green should send a follow up letter that we will recommend contract termination to the Board at its August meeting.

e. Contract No. 715 – Christopher M. Janusz and Katherine R. Mac

Andie Hall explained the status of this contract and that the contractee has not been submitting meter readings or annual payments. She noted that the contractee met with her and requested that the non-compliance fees be waived and he would pay everything else. Andie noted that he did not receive proper notice of the noncompliance and so the Board could waive those fees upon payment and submittal of meter readings. Balcomb & Green will draft an agreement to be executed by the contractee and then presented to the Board. Director Tim Nieslanik moved to waive noncompliance fees contingent upon receipt of other payment and meter readings. Director Dean Seader seconded the motion, which carried unanimously.

f. Contract No. 719 – Kevin Jones

Andie Hall reported that the Board discussed this contract last summer and that it was presented to the Board for potential termination, but that the Board did not terminate to allow Water Commissioner Blakeslee to visit the contractee. Andie Hall explained that no additional action is needed, but this was included on the agenda to determine its status. Water Commissioner Bill Blakeslee reported that he has been unable to connect with the contractee and the division engineer is discouraging the water commissioners from doing so. He reported that the assistant division engineer, Caleb Foy, is developing a process to send an order and/or warning letter from the Division of Water Resources to noncompliant contractees. Andie Hall inquired as to whether Contract No. 719 was on the DWR list because it predates the new process. She and Bill Blakeslee determined that Balcomb & Green should send DWR copies of the correspondence regarding Contract No. 719 then let DWR include Contract No. 719 in its new process before the Board considers termination.

g. Resolution No. 2024-2 Graywater Reuse Systems

Andie Hall provided a recap of the graywater reuse system and why the resolution was included in the Board packet. Director Jim Nieslanik moved to adopt Resolution 2024-2, Director Max Macdonell seconded the motion and it carried unanimously.

h. Spring Valley Holdings Case No. 22CW3009

Chris Geiger reported that he provided additional comments to the applicant on behalf of the District, but has not yet seen its accounting regarding how two District contracts will be used to replace out of priority depletions. Director Gary Knaus asked about whether they have drilled and permitted the wells, to which Chris Geiger explained that they have water rights for all the wells, but he is unsure whether they are drilled. Director Jim Nieslanik asked about the process of other opposers, to which Chris answered that there are essentially two groups of opposers: (1) mainstem opposers who want to ensure that the appropriate amount of water is being replaced, and (2) local opposers who rely on the same aquifer for their water supply and are concerned that the proposed uses will adversely affect their wells. He concluded that no further action is needed by the District at this time and the applicant will next respond to the District's comments.

REPORT OF THE DIVISION OF WATER RESOURCES

None.

BILLS, AUDIT REPORTS, FINANCIAL STATEMENTS

The Board reviewed the bills tendered in June for the month of May. Director Jim Nieslanik moved to pay the bills. Director Dean Seader seconded the motion, which carried unanimously.

Tiffany Rudrow reported that Rodger at Maggard and Hood, the District's auditor, notified her and her firm of additional regulations for the District's audit. Tiffany presented and explained the additional resulting forms to the Board, including an audit scope letter, which is essentially an engagement letter for signature to authorize the audit and an internal control letter. Tiffany, Chris, and Eric are going to meet to complete these additional forms on behalf of the District. Tiffany doesn't anticipate needing to return to the Board for additional details. Director Gary Knaus inquired about the deadline for reporting. Tiffany noted that she will include the final product in the next Board packet.

Tiffany then reported that the checking account transfer is complete and nothing for the District was compromised in the security breach.

Director Max Macdonell moved to approve the auditor engagement letter and Director Dean Seader seconded the motion, which carried unanimously.

DIRECTOR REPORTS AND COMMENTS

Director Tim Nieslanik reported on Robinson Ditch meeting. He reported that ditch operations are essentially unchanged. He noted that the United States Forest Service ("USFS") attended this meeting because they have shares in the Robinson Ditch. He explained that the USFS is looking to lease or sell those shares. Tim is going to give USFS contact info to Eric Mangeot to see how much water they are trying to lease or sell to see whether the District would be interested.

EXECUTIVE SESSION

Chris Geiger requested a motion that the Board enter executive session under C.R.S. § 24-6-402 for purposes of discussing pertaining to the District's operations of exchange supplies into Ivanhoe Reservoir under its contract with Aurora, and legal advice regarding the Crystal River Augmentation Plan. He noted that the purpose of executive session is to discuss matters, not to take formal action. Director Jim Nieslanik moved to enter executive session and Director Max Macdonell seconded the motion, which carried unanimously. The Board entered executive session at 8:12 p.m.

The Board discussed the matters described above, made no formal decisions, and did not identify any items to be discussed later. At 8:49, Director Jim Nieslanik moved to end executive session and Director Dean Seader seconded the motion, which carried unanimously.

CONCLUSION

At 8:50 p.m., Director Tim Nieslanik moved to conclude the meeting. Director Max Macdonell seconded the motion, and it was approved unanimously.