

THE BLUE STONE DITCH ASSOCIATION
SPECIAL MEETING OF THE SHAREHOLDERS
October 10, 2024

John H called the meeting to order 6:35 Don Metzler and Zach Pigati not present. Kathy H and Bill R present.

The Board provided shareholders with the most recent P&L and copies of the JUB Engineering Study were provided.

Introduction of Judy Sappington (previous work at the CO Division of Water Resources) as Grant Writer - primary focus of meeting is grant acquisition process.

All grants- no loans, no matching, try to spend zero dollars to get the job done.

We first looked into Bureau of Rec - Inflation Reduction Act

Bucket 1 - All used up was used for voluntary reduction of water use. If we would bypass 10 CFS we would get \$636,000

Bucket 2 - B2E and B2W - B2E open for applications. It is for drought - if your ditch is hurting due to drought. We do not believe we would qualify for this.

The Board has decided to go after B2W - applications are not out yet. This is a 100% grant. This is a federal grant. It would help us pay for the additional 70% of engineering design needed to move forward with the recommendations from JUB.

Lou Nolan asked what would be the ramifications - in the end. What would we have to do or give? What rules? Mentioned the BofRec previously asking to use Blue Stone water for endangered fish ponds. Judy said we could look at how conservation issues or wildlife issues could help or impact our ability to get grants.

John clarified that the BofRec wanted to use water to fill ponds. What would the Bureau want from us if we got the funds? Engineering study showed we have issues that need to be addressed. If we get the grant funding for the engineering, that means we have a problem, they are offering to help resolve our problems and then we can find contractors to help complete the work.

Bill reiterated what Lou wants to know what this will cost us bottom line. The bottom line is that there is no cost to us - no ramifications. The only thing they would look for is that we have shown proven conservation with the work that we did - quarterly reports, write-ups.

Shareholders are welcome to review the grant opportunity online -

<https://www.usbr.gov/uc/progact/SystemConservation/index.html>

Dustin asked if we are going after \$\$ for all of the recommendations that JUB suggested - Judy said yes - to the tune of 20M. We may have to source this out through multiple funding opportunities.

Greg asked about laterals and grants for laterals. Kathy recommended that shareholders looking to improve infrastructure along laterals touch base with her regarding EQUIP grants through the NRCS.

Jason asked if we could get \$\$ set aside for emergency funds. If it is truly a natural disaster, money could be obtained from government sources (similar to FEMA).

Since 2007, we have paid the Carnahans \$570,000 in repairs.

Judy said we could also look into the BofRec Salinity Program (Side note on this we found out that we do not have a large enough salt lode to qualify). John said we would not have to pay for a salinity study since BofRec already has that data.

Another source of funding would be the Colorado River District. Kathy said that the CRD and the CWCB funded the Engineering Study.

Some grants only supply a % of the money we are asking for - say 70% and we would have to get funds from other entities. Matching funds could be from us, for Federal grants they could be from State grants, from State grants they could be from Federal grants, we may need to partner with a local conservation/conservancy district as well.

Tom wanted clarification on how the money we have paid out to JUB we could save. John pointed out that by making improvements, ditch maintenance costs would go down dramatically.

Kathy said she knows people are cautious about "involving the government". She stressed again that we do not own the water we use - the government does. We have been given the right to use this water and if we do not use it wisely, it can be taken away from us.

Kathy spoke to a shareholder that asked what it would look like if we funded the projects ourselves. If we did this ourselves, a 1M project would cost shareholders \$500 per share for 1 year/\$250 per share for 2 years on a special assessment.

John hopes that most of this money we can get can be without taking any money out of our pockets, but even if we did, at this moment, it does not cost us anything to pursue grants except our time.

Bill said the Board picked Judy because she has worked for the government and knows how to deal with the government.

Dustin mentioned the idea that really this could be our opportunity to get some of our tax dollars back. Keep our eyes open, be diligent. Glad we have Judy's expertise.

Kathy says the board promises that if and when any decisions would cost shareholders money that it would go to a vote of shareholders.

Bill said we always discuss decisions that should be put to the Shareholders.

Lou said our job was to protect the shareholders. Bill reiterated that we on the Board are all shareholders as well.

Kathy pointed out that anyone that comes to meetings to complain or feels that we are not doing what needs to be done as a Board are welcome at any time to step up and help.

Tyson mentioned that we need to consider shareholders that use the ditch year-round for domestic purposes when we got to do projects and have to shut down the ditch for a significant amount of time.

Bill said that we would need to include a work-around or pump-around to resolve this problem.

Shareholders voted to move forward with supporting the Board in the acquisition of grant funds for ditch improvements.

Meeting Adjourned 7:40 PM.