

Animas Consolidated Ditch Company

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ANIMAS CONSOLIDATED DITCH COMPANY
Minutes of the 129th Annual Stockholder's Meeting
March 4, 2023, 9:00 a.m. at the River Bend Ranch Event Center
27846 Hwy 550, Durango, CO 81301

I. Call to Order: The President called the meeting to order at 9:00 a.m.

II. Attendance: The President reminded the members to sign in and provide proxies. There were 102 shares represented, and 226 shares represented by proxy. The notice of the annual meeting was published in the Durango Herald on February 10, 2023.

III. Introductions: The President introduced the Board, staff, and consultants: Dan Diehl, Board Member, Dan James President, Kevin Jones, Vice President, Eric Bikis, Secretary, Brett Schaffer, Treasurer, Jessica Mitchell, ditch secretary/administration, Nancy Agro, attorney.

IV. 2022 Annual Meeting Minutes: Jake Archuleta moved to approve the minutes, Jim Lewin seconded, and the Members unanimously voted to approve the Minutes of the March 12, 2022, meeting.

V. President's report: Dan James reported that last year the ditch escaped major flooding, despite having a major monsoon season that put it to the test. The systems in place, including sluice structures, are effective. The ditch ran well last year. There are a handful of seepage areas caused by rodents and/or soils type. Generally, these areas are located on the lower end where there is not water in the ditch year-round because rodents can burrow in a dry ditch. The number one challenge in the ditch is the debris. Sometimes people put things in the ditch intentionally, and this causes problems. If this is noticed, shareholders are asked to report it.

If there is a change in landowner/shareholder names, those need to be corrected. The title to the property needs to match the ownership of the share. Shareholders should contact Jessica to have new shares issued.

Dan reported that he is going to transition off the board. He is going to run again today and will stay on board to ensure a smooth transition. Kevin Jones has agreed to take on presidency. Dan has been on the board for approximately twenty years.

VI. Election of Directors: The members re-elected Dan James and Dan Diehl by acclamation for three-year terms.

VII. Treasurer's Report: Brett Schaffer reported that the maintenance fees and assessments will stay the same for 2023. He reviewed the 2022 actual income and expenses. For 2023, Ditch rider expense is increasing both for time and fuel. Insurance, payroll, professional and administrative expenses are also increasing moderately.

Question from the floor: Why doesn't the budget have a zero balance? For example, net income should be placed into a reserve fund. The board will consider this.

The goal for the reserve is \$200,000. The reserve was spent down after the 416 fire. Assessments were increased to replenish the reserve fund. Assessments are staying the same this year and could be lowered in the future.

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The ditch rider salary level is now back up to Jud's level at the time he retired now that Chris has had a couple of years as ditch rider. The board is considering whether to change him to an independent contractor, which would reduce payroll expenses.

VIII. Ditch Walker Report: Dan James reported that improvements to the ditch that prevent debris have decreased maintenance. Shareholders are asked to glance at the ditch as they cross it and to let Chris know if they see anything that does not look right. Chris sent a message of gratitude to the shareholders for their relationship with him this last year.

Question from the floor: Is there a notification system for water being turned on and off? Yes, notices are put on the website, separated by lower, middle, and upper sections of the ditch. The company also sends out an email blast. Shareholders should update their email addresses with Jessica, and check junk mail.

John Wilkinson introduced himself. John fills in for Chris when he is out of town. John is compensated at Chris' per diem rate when Chris is out of town.

IX. Water Report: Eric Bikis presented a Water Supply Outlook for 2023. Much of the Western Slope is at or above average snowpack. The Arkansas River is below average. The San Juans are 140% of average. The forecast is a good run off. Dry soil, warmer temperatures, wind, and dust on snow can impact the runoff. Mr. Bikis presented Colorado River Upper and Lower Basin storage projects. The upper basin states are required to deliver 7.5-million-acre feet to the lower basin states plus the Mexico release regardless of inflow. The upper basin has an inflow problem because it relies on snowpack, and the lower basin has an outflow problem because of overuse.

Mr. Bikis will upload the presentation to the website.

X. Old Business: There was no old business.

XI. New Business: There was no new business.

Question from the floor: When will the ditch be turned on? It is weather dependent when they] maintenance can be completed.

XII. Adjournment: Jim Lewin moved for adjournment and Andrew Scarborough seconded the motion. The meeting was adjourned at 10:15 a.m.