A Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held March 26, 2015, at 11:00 a.m., in the District’s Walter Kirch Room, 846 Forest Road, Vail, Eagle County, Colorado, in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

The following Directors were present, thereby constituting a quorum:
1. Tom Allender
2. Debbie Buckley
3. Steve Friedman
4. Bill Simmons
5. Frederick P. Sackbauer IV
6. Paul Testwuide

The following Directors were absent and excused:
7. Kim Langmaid

DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST

The Board noted it had received more than 72 hours prior to the meeting certain disclosures of Potential Conflicts of Interest Statements for the following Directors indicating the following conflicts:
8. Director Allender disclosed that he is the Director of Resort Planning for Vail Associates, Inc., which has significant land ownership and business interests within the District and Authority. He also serves on the Boards of the Upper Eagle Regional Water Authority, Eagle Park Reservoir Company, and the Clinton Ditch and Reservoir Company. Director Friedman serves on the Boards of the Beaver Creek Metropolitan District and the Vail Valley Foundation. Director Langmaid disclosed that she founded and is employed by Walking Mountains Science Center, which receives funding from parties with which the District does business, including the US Forest Service, Vail Resorts, Towns of Vail and Avon, Vail Recreation District, Eagle County, and Holy Cross Energy. Directors Sackbauer and Simmons are employed by Vail Resorts, Inc., which has significant land ownership and business interests within the District. Directors Simmons also serve on the Boards of the Upper Eagle Regional Water Authority, and the Edwards, Holland Creek, and Red Sky Ranch Metropolitan Districts. Director Testwuide disclosed that he performs consulting for Vail Resorts, his former employer, owns water rights in two states, and occasionally uses the District’s water counsel, Glenn Porzak, as his personal attorney.
9. Also in attendance were:

<table>
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<tr>
<th>District Staff</th>
<th>Tug Birk</th>
<th>Linn Brooks</th>
<th>John Cahill</th>
<th>Jason Cowles</th>
<th>Carol Dickman</th>
<th>Catherine Hayes</th>
<th>Leslie Isom</th>
<th>Diane Johnson</th>
<th>Melissa Mills McLoota</th>
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<tbody>
<tr>
<td>Glen Phelps</td>
<td>Siri Roman</td>
<td>Steve Sego</td>
<td>James Wilkins</td>
<td>Consultants</td>
<td>Jim Collins, Collins Cockrel &amp; Cole</td>
<td>Glenn Porzak, Porzak Browning &amp; Bushong LLP</td>
<td>Public</td>
<td>Tommy King, the Paint Man</td>
<td>Doug Serrill, Eagle River Watershed Council</td>
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CALL TO ORDER

Chairman Sackbauer called the meeting to order at 11:17 a.m.

INTRODUCTIONS

Guests were introduced, including Doug Serrill of the Eagle River Watershed Council. He gave the board information regarding the River District’s annual highway cleanup on April 25.

ACTION ITEMS

Meeting Minutes – The minutes of the Regular Meeting of February 26, 2015, were considered. Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the February 26, 2015, Regular Meeting be accepted and hereby are approved as presented.
Vacation of Easement Request – Mr. Birk discussed his vacation of easement request and for 223 Beaver Dam Road and a related resolution, copies of which are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the vacation of easement at 223 Beaver Dam Road be and hereby is approved as presented.

Consent Agenda – The Board unanimously approved the Consent agenda, a copy of which is attached hereto as Exhibit C and incorporated herein by this reference.

STRATEGY ITEMS

Water Impact Fee Study – Ms. Brooks discussed the Authority’s recent water impact fee study, which resulted in a methodology to better track, calculate, and periodically update the Authority’s plant investment fee. The Authority Board approved a fee of approximately $9,000/SFE at its meeting, which is roughly double the previous plant investment fee. Ms. Brooks noted the District’s water and wastewater fund fees would be reviewed using the same methodology, and staff would present recommended updates in the coming months.

REPORT BY GENERAL MANAGER

Water Supply Planning Efforts – Ms. Brooks updated the Board on efforts to engage the county and towns in water supply planning efforts to ensure integration between their land use approval and the District’s development approval process. Ms. Brooks suggested sending more robust responses to referral letters regarding developments’ potential impacts on streamflows, water quality, nutrient loading, and that land use agencies heavily influence how their applicants ultimately use water. The Board supported this effort.

Streamflow Modeling – Ms. Brooks said the Colorado River Basin Roundtable wants to create a streamflow model to determine the basin’s non-consumptive needs and evaluate the impacts of future projects and Trans-Basin Diversions. Ms. Brooks serves on a roundtable committee to investigate a model’s scope and benefits. She cautioned the committee that the existence of multiple models would cause problems and recommended that the roundtable support the state’s model, and as a separate effort, develop a geographical data base to compile qualitative information such as riparian health and water quality impacts. She also suggested that the District and Authority share the framework of their model, currently under development, with the state so that all are working with the same information. Discussion
ensued regarding why the Colorado River Water Conservation District had not taken the lead on such a modeling effort.

**Authority Update**– Ms. Brooks noted the Authority Board signed a resolution that morning to accept the Traer Creek water storage tank into its system. She noted the tank was near final completion with only punchlist items remaining; it is online and functioning well.

**REPORT BY DIRECTOR OF OPERATIONS**

Mr. Fessenden presented his report, a copy of which is attached hereto as **Exhibit D** and incorporated herein by this reference.

- **Forest/Rockledge Road Project** – Mr. Fessenden discussed the project and reported it was over budget due to rising construction costs. Staff had anticipated this, and funds can be allocated from other areas to account for the shortfall. Discussion ensued regarding project details. The Board asked that staff confirm that all local entities, including the town of Vail and Vail Recreation District, are coordinated in preparation for this project.

- **Eagle River MOU Update** – Mr. Fessenden discussed ongoing review of joint project possibilities with the Eagle River MOU work group. Staff received input from consultants Tom Williamsen and Bob Weaver regarding the potential projects, including review of in-basin reservoir sites. Mr. Fessenden said the MOU work group has divided the agreed-upon projects to maximize the efforts and expertise of those involved.

- **EWWTF Project Status** – Mr. Fessenden noted issues with pile drilling at the project site. Staff, the contractor, and the project engineer are working to solve this with minimal delays to the project.

- **Water Line Break Benchmarking** – Mr. Fessenden noted a line break benchmark presented at the February meeting was inaccurate and presented a graph with the correct figures, a copy of which is attached hereto as Exhibit E and incorporated herein by this reference. The District is actually within the American Waterworks Association’s (AWWA) recommended standard of breaks per 100 miles of pipe. The previous reported number had included breaks in customer service lines, which are not considered in the AWWA standard.

The Board took a short recess for lunch at 12:05 p.m. The regular meeting resumed at 12:20 p.m.

- **Stormwater/Urban Runoff Group Update** – Ms. Roman presented information from the Black Gore Creek Steering Committee Meeting. She noted that the Colorado Department of Transportation (CDOT) is using more magnesium chloride than sand/decier to reduce travel times and keep roads open. Also, the Eagle River Watershed Council is urging CDOT to
develop a long-term maintenance plan for the Basin of Last Resort (BOLR) near Vail Pass as
the upper third of the basin is reaching capacity. CDOT is working on the preliminary design
for the access road and identified funds for design and environmental clearances;
construction funds are still needed, with cost estimates at a little more than $1M. CDOT also
ordered a vacuum truck for the Vail/Summit area which should be delivered this summer and
will help with cleaning catch basins near the road.

**Vail Valley Medical Center Master Plan** – Ms. Roman discussed the VVMC
redevelopment master plan and noted the District owns the parcel west of VVMC’s parking
lot, where Middle Creek runs through town. As part of the master plan, water quality
improvements are planned for the lot and surrounding areas.

**Town of Avon Strategic Plan** – Ms. Roman discussed the town’s strategic plan, which has a
section focused on water quality, including supporting the Urban Runoff Group and its water
quality improvement plan.

**REPORT BY DIRECTOR OF FINANCE**
New Finance Director James Wilkins was introduced; he is taking over for Becky Bultemeier, who is
retiring after 28 years of service. Mr. Wilkins noted water sales are tracking close to projected
numbers. He will be meeting with the auditors shortly and expects final audit delivery in mid-June.

**REPORT BY COMMUNICATIONS AND PUBLIC AFFAIRS MANAGER**
Ms. Johnson presented her report, a copy of which is attached hereto as Exhibit F and incorporated
herein by this reference.

**Town of Vail Annual Meeting** – Ms. Johnson said the District is again participating as a
partner entity in the annual town of Vail community meeting scheduled for March 31. Capital
Improvement Program staff will attend to provide information about the upcoming project on
Rockledge Road and mid-Forest Road.

**Statewide Basin Roundtable Summit** – Ms. Johnson reported on the March 12 Summit,
which included representatives from throughout the state to discuss the Colorado Water Plan.
Discussion focused on funding, permitting, legislation, agriculture, and the seven points of
the “conceptual framework.”

**Colorado Water Plan Update** – Ms. Johnson said Eagle River region stakeholders met
March 2 and prioritized projects included in the Colorado Basin Roundtable’s Basin
Implementation Plan. The Eagle River MOU is a top priority for the region; protecting the
Shoshone hydroelectric plant call is the top priority basin-wide. The final draft of the BIP is due to the Colorado Water Conservation Board April 17.

**Legislative Update** – Ms. Johnson discussed HB 15-1144, which would ban the manufacture and sale of products with microbeads, effective in January 2019. The bill is awaiting the governor’s signature. Microbeads are in many personal care products and end up in waterways because they pass through wastewater treatment facilities. She also discussed HB 15-1259, the “rain barrel bill.” The bill passed the Colorado House and was introduced March 25 in the Senate. The District has no issue with the bill, which would allow homeowners to capture about 600 gallons of rain water for outdoor use.

**Retirements and Appointments** – Ms. Johnson said Colorado Supreme Court Justice Greg Hobbs will retire August 31. Also, Governor Hickenlooper named James Eklund as Colorado’s Commissioner to the Upper Colorado River Commission on February 6. He replaces John McClow, who served in the role since 2013.

**REPORT BY ADMINISTRATION MANAGER**

**Employee Housing Summary for 2014** – Ms. Isom presented the 2014 employee housing report, a copy of which is attached hereto as Exhibit G and incorporated herein by this reference. She noted Directors Buckley and Langmaid serve on the housing committee and new finance director Wilkins will also join the committee. Ms. Isom said roughly 36% of current employees are using the program and about 45% of employees have utilized employee housing during their tenure at the District. She noted various changes in the program and its administration; Connie Nunley is now overseeing the rental program, and tenants have been empowered to take care of maintenance and repair issues in their units.

**REPORT BY WATER COUNSEL**

**Federal Water Right Directives** – Mr. Porzak discussed the three federal water rights directives introduced by the Forest Service. He noted the groundwater directive was withdrawn due to many negative comments. He expects the Forest Service to reintroduce a revised version of the water right permit clause directive in May or June.

**Federal Legislation (Water Right Protection Act)** – Mr. Porzak said Representative Tipton and Senator Barrasso intend to introduce the Water Rights Protection Act, which would protect water rights, including those of the ski industry, municipal providers, agricultural providers, and all other state rights. After discussion and upon motion duly made and seconded, it was unanimously...
RESOLVED that the Board hereby does support the Water Rights Protection Act as modified to remove the reference to Forest Service ownership of groundwater that lies beneath the national forest.

State Legislation (Senate Bill 64) – Mr. Porzak gave background on similar legislation last year, which was killed in the Senate. The bill passed in the Senate this year but was killed in the House State Affairs committee. Mr. Porzak noted multiple Representatives who voted against the bill have since expressed regret; the bill could be reintroduced as a late bill. Sen. Sonnenberg is willing to take the bill through the Senate again, but wants confirmation that it will pass in the House. Mr. Porzak will continue to monitor the situation.

Colorado River Compact Water Bank – Mr. Porzak discussed the possibility of a Western Slope water bank using historic consumptive use credits; this could protect against a future compact call and could potentially involve a variety of East and West Slope parties. A March 3 meeting was held with Colorado River Water Conservation District representatives, including President Jon Stavney, to further discuss this concept. Mr. Porzak will schedule a meeting with Jim Lochhead of Denver Water on the matter.

New Public Trust Initiative – Mr. Porzak discussed a new public trust initiative, the language for which has been approved by the Title Board. He noted this version is more sweeping than past initiatives. Ms. Brooks said the proponents need over 97,000 signatures to get on the November ballot. The Colorado Water Congress is working to provide tools for local water providers to communicate with their constituents about the initiatives and their consequences.

EXECUTIVE SESSION
Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding the Shoshone Acquisition, pursuant to §24-6-402(4)(a)(b) and (e) C.R.S. He asked that no electronic record be made, as the discussion would be entirely privileged attorney-client communications. Upon motion duly made and seconded, it was unanimously RESOLVED to enter executive session at 1:17 p.m. to discuss attorney-client privileged issues concerning the Shoshone Power Plant water right, pursuant to §24-6-402(4)(a)(b) and (e) C.R.S. with no electronic record created as Mr. Porzak opined the contents of the discussion would contain privileged attorney-client communications.*

The regular meeting resumed at 1:35 p.m.
Shoshone Acquisition – The Board discussed funding for a potential Shoshone Power Plant acquisition. Upon motion duly made and seconded, it was unanimously
RESOLVED to increase the amount of funding for the Shoshone Acquisition to a maximum of $13,334 and authorize Mr. Porzak to sign the common interest document and cost-sharing agreement on behalf of the District.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 1:37 p.m.

Respectfully submitted,

__________________________________________________________________________________

Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND NOTICE OF MEETING WAIVED

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Tom Allender, Director

__________________________________________________________________________________

Debbie Buckley, Secretary

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Stephen Friedman, Treasurer

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Kimberly Langmaid, Director

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Frederick P. Sackbauer IV, President/Chairman

__________________________________________________________________________________

Bill Simmons, Director

__________________________________________________________________________________

Paul Testwuide, Director

*The undersigned attorney for the applicable Executive Session affirms that the portion of the discussion in Executive Session not recorded constituted privileged attorney-client communications.

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Glenn Porzak, Water Counsel