Eagle River Water & Sanitation District
Board of Directors Meeting
August 27, 2015
MINUTES

A Special Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held August 27, 2015, at 1:00 p.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. Kim Langmaid
5. Bill Simmons
6. Frederick P. Sackbauer IV
7. Paul Testwuide

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:
1. 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 (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. Director Sackbauer is employed by Vail Resorts, Inc., which has significant land ownership and business interests within the District. Director Simmons disclosed that he is the General Manager of the Beaver Creek Metropolitan District, an alternate Director for the Authority, and on the Boards of 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.

Also in attendance were:
- District Staff
  - Linn Brooks
  - Carol Dickman
  - Angelo Fernandez
  - Todd Fessenden
  - Leslie Isom
  - Diane Johnson
  - Melissa Mills McLoota
  - Glen Phelps
  - Siri Roman
  - Jeff Schneider
  - Brian Tracy
  - James Wilkins

- Consultants
  - Jim Collins, Collins Cockrel & Cole
  - Glenn Porzak, Porzak Browning & Bushong LLP
  - Bob Weaver, Leonard Rice Engineers

- Public
  - Walter Dandy, Avon
  - Frank Diasparra, Avon

- Other
  - Jennie Fancher, Avon Town Council
  - Kristi Ferraro, Avon
  - Nancy Nottingham, Avon
  - Shelley Nottingham, Avon

CALL TO ORDER
Chairman Sackbauer called the meeting to order at 1:15 p.m.

PUBLIC COMMENT
Ms. Ferraro, Ms. Nottingham and Ms. Fancher discussed the importance of preserving the Hahnewald Barn as the sole remaining original structure in the Town of Avon. They requested that the Board either table or vote no on the Hahnewald Barn Resolution, while the District and the Town of Avon seek alternatives to demolishing the Barn. Prior to the meeting, a letter from Tamra Nottingham Underwood and a letter from the Office of Archaeology and Historic Preservation of History Colorado were submitted to the Board in this matter, copies of which are attached hereto as Exhibits A and B respectively and incorporated herein by this reference. Ms. Brooks noted that the District has worked throughout the years...
to keep the option open for others to preserve the Barn, while communicating to interested parties the
long term needs for the District’s facilities. In the discussion which followed, it was agreed that a District
Sub-committee and Barn stakeholders would try to work toward a mutual resolution of this issue in a
reasonable time frame. Thereafter, Mr. Dandy, Mr. Diasparra, Ms. Fancher, Ms. Ferraro, Ms. Nottingham,
Ms. Nottingham left the meeting.

GENERAL MANAGERS REPORT
Ms. Brooks discussed the General Managers Report, a copy of which is attached hereto as Exhibit C
and incorporated herein by this reference.

ACTION ITEMS

Meeting Minutes – The minutes of the Regular Meeting of July 23, 2015, were considered. Upon
motion duly made and seconded, it was unanimously
RESOLVED that the minutes of the July 23, 2015, Regular Meeting be accepted and hereby are
approved as presented.

Hahnewald Barn Resolution – The Board considered the Resolution Regarding Hahnewald Barn, a
copy of which is attached hereto as Exhibit D and incorporated herein by this reference. Following
discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that the Hahnewald Barn Resolution be and hereby is tabled.

The Board named a Sub-committee of Ms. Brooks, Mr. Simmons and Ms. Langmaid to try to work with
the Barn stakeholders toward a mutual resolution regarding the disposition of the Hahnewald Barn.
Director Friedman requested a timeframe for resolution of this matter. It was agreed that staff would
provide either a recommended resolution to the issue or a progress report by the next meeting.

Special District Association Resolution – In recognition of the District being named District of the
Year by the Colorado Special District Association (SDA), the Board discussed the Resolution of the
Board of Directors of the Eagle River Water & Sanitation District Honoring Its Outstanding Employees, a
copy of which is attached hereto as Exhibit E and incorporated herein by this reference. The Award will
be presented to the District on September 25, at the SDA Conference, in Keystone. Upon Motion duly
made and seconded, it was unanimously
RESOLVED that the Resolution of the Board of Directors of the Eagle River Water & Sanitation
District Honoring Its Outstanding Employees 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 F and incorporated herein by this reference.

REPORT BY GENERAL COUNSEL
Mr. Collins noted that his report involved items which would be discussed in Executive Session.

REPORT BY WATER COUNSEL
Eagle River Water & Sanitation District

Piney River Unit Diligence – Mr. Porzak reported there was one objector in this case which has been settled. He has filed the Motion for the Court to approve the Decree. A copy of the Motion for Entry of Decree is attached hereto as Exhibit G and incorporated herein by this reference.

Wolford Mountain Reservoir – Mr. Porzak reported on a letter received from the River District stating that they have decided to do major work on the dam. A copy of the letter is attached hereto as Exhibit H and incorporated herein by this reference.

Forest Service Directives - Mr. Porzak reported that the State Water Plan takes the USFS to task on its water rights directives.

EXECUTIVE SESSION
Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding the Colorado Water Rights Protection Act, the Compact Water Bank, the Colorado Water Plan Meeting, and 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 1:50 p.m. to discuss attorney-client privileged issues concerning Colorado Water Rights Protection Act, the Compact Water Bank, the Colorado Water Plan Meeting, and the Shoshone Acquisition, 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.*

Mr. Collins requested the Board continue Executive Session to receive legal advice regarding the MWH Change Order Resolution, the Town of Vail Real Estate Discussion and Personnel Issues, pursuant to §24-6-402(4)(a)(b)(e) and (f) 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 2:30 p.m. to discuss attorney-client privileged issues concerning the MWH Change Order Resolution, the Town of Vail Real Estate Discussion and Personnel Issues, pursuant to §24-6-402(4)(a)(b)(e) and (f) C.R.S. with no electronic record created as Mr. Collins opined the contents of the discussion would contain privileged attorney-client communications.*

The special meeting resumed at 2:55 p.m., at which time Mr. Porzak left the meeting.

STRATEGY ITEMS
Treated Water Storage Fee Elimination – Ms. Brooks explained that the Treated Water Storage Fee is now included in the Water System Impact Fee (WSIF) calculation and recommended that the Board authorize elimination of the Treated Water Storage Fee. The Board agreed. The Resolution to reflect this change and amendments to the Rules and Regulations will be presented to the Board at a future meeting.

INFORMATION ITEMS
CWC Events – Ms. Brooks presented an overview of the Colorado Water Congress (CWC) Conference and the District/Authority’s Facility Tour and Dinner which went very well and reflected well on the District. There were well over 300 attendees at the CWC Conference. Some of the District and Authority board members and staff attended. The conference touched on many current water events. Former District Director, Ludwig Kurz, gave a presentation and lead an interactive discussion on the importance of water in the State’s recreational economy showing that it rises and falls with the availability of water. Director Testwuide gave a presentation at the Dinner regarding the importance of partnerships among the water community which enabled the development of snowmaking for the ski industry and augmentation water for the community. Ms. Brooks mediated a CWC session and Ms. Johnson also participated in a session.

Wilderness Policy Committee Update – Ms. Brooks reported the 1st draft of a Wilderness Policy was discussed by the consultants. Water Counsel is working on a 2nd draft, which will be presented to the Committee.

FINANCE REPORT

Water Sales Revenue Impact Study – Mr. Wilkins presented his Monthly Report, a copy of which is attached hereto as Exhibit I and incorporated herein by this reference. He reported that the District was 5%, 15% and 10% below projected sales in May, June, and July respectively, due to wet weather. He presented an analysis reflecting a hypothetical 20% water sales shortfall. With such a shortfall, the District can still meet its debt service requirements and the unrestricted fund balance is still in a good position.

Quarterly Financial Report – Mr. Wilkins presented The Financial Report for the 2nd Quarter Ending June 30, 2015, a copy of which is attached hereto as Exhibit J and incorporated herein by this reference. Following discussion, the Board acknowledged receipt of the Quarterly Financial Report.

Development Impact Fee Revenue Report - Mr. Wilkins then presented July 2015 Activity, a copy of which is attached hereto as Exhibit K and incorporated herein by this reference.

OPERATIONS REPORT

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

Eagle River MOU Projects Status Update – Mr. Fessenden discussed the Scope of Services for Phase 2 of the ERMOU Project Alternatives Study which has been finalized. A copy of the letter to the ERMOU Partners in this matter titled Scope of Services- Eagle River MOU Project Alternatives Study – Phase 2 Draft is attached hereto as Exhibit M and incorporated herein by this reference.

Camp Hale Stakeholders Update - Mr. Fessenden reported on the meeting held August 17 with ERMOU Partners, USFS, and National Forest Foundation to discuss water needs for the proposed Camp Hale wetlands bank. He also discussed that the National Forest Foundation has
advanced options for wetland bank credits. Climax has reserved 60 units. Colorado Springs and
Aurora reserved a second 60 units which leaves roughly 80 units available.

**Eagle Mine Update and Tour** - Mr. Fessenden reported the Watershed Council arranged the
tour which included CDPHE Staff, District Staff, District Director Langmaid and Authority
Chairman Gregory as well as a large number of other guests. Improvements have occurred at the
treatment plant however concerns remain regarding preventative maintenance and real time
monitoring throughout the site. Staff reviewed the CBS annual report and pipeline conveyance
report and sent a letter to the EPA commenting on concerns of real time monitoring, pressure,
flows, water seepages. A copy of the letter is attached hereto as **Exhibit N** and incorporated
herein by this reference. The Watershed Council also submitted a letter to the EPA, a copy of
which is attached hereto as **Exhibit O** and incorporated herein by this reference.

**Monthly State Reports** - Mr. Fessenden reported on the Water Department’s handling of water
reports to the State in July and August when the SCADA system stopped archiving data for a
short period of time. After discussions with the State regulators, they determined that adequate
monitoring had occurred and no violation was issued.

**Urban Runoff Group** – Mr. Fessenden reported the Eagle River Water Quality Improvement
Plan (WQIP) efforts are continuing downstream from Gore Creek to Eagle-Vail as well as
including a review of Eagle County regulations. The Town of Vail is moving forward with some
recommendations in the Gore Creek WQIP, including a number of projects.

**ORGANIZATIONAL DEVELOPMENT REPORT**

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

**Water Demand Management Pilot Project** – Mr. Fernandez discussed the Water Demand
Management Pilot Project. Ten properties in Mountain Star are participating and have
experienced a 40-50% reduction in water usage. Data will be reported to the Board in September.

**Public Employers Leadership Academy** – Mr. Fernandez, Ms. Brooks, Vail Leadership
Institute, Town of Vail and Eagle County have been working together to develop the Academy,
which will offer ongoing leadership development to public agencies. It is anticipated that this will
result in better collaboration and stronger relationships among public agencies county wide and
lower costs for participants. A pilot program will be offered this fall.

**COMMUNICATIONS AND PUBLIC AFFAIRS REPORT**

Ms. Johnson presented the Communications and Public Affairs Report.

**CWC Dinner Presentations** - Ms. Johnson reported that the CWC dinner presentations by Town
of Vail landscape architect Gregg Barrie and Director Testwuide were videoed and will air on
Channel 5. They are also available online; she will send the link to the Board.

**Colorado Water Plan** - Ms. Johnson said that at the CWC Conference, one session focused on
the integration of water and land use planning, which has been a major theme in the development
of Colorado’s Water Plan. The Roundtables continue to review the Plan and work towards implementing Basin Implementation Plans. The Eagle County Conservation District made a preliminary funding request at the August 24 Colorado Basin Roundtable meeting; some agricultural and ranch landowners are concerned about what information will be made public. The IBCC agreed on a revised “conceptual framework” which is now in Chapter 8 of the Plan and details the seven points related to possible future trans-mountain diversions.

**River District Seminar** – Ms. Johnson distributed the flier for the September 10 seminar that directors may attend. Presentations are normally recorded and available on the River District website a few weeks after the annual seminar. A copy of the flier is attached hereto as **Exhibit Q** and incorporated herein by this reference.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 3:34 p.m.

Respectfully submitted,

__________________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

_________________________________________
Tom Allender, Director

_________________________________________
Debbie Buckley, Secretary

_________________________________________
Stephen Friedman, Treasurer

_________________________________________
Kimberly Langmaid, Director

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Frederick P. Sackbauer IV, President/Chairman

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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

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Jim Collins, General Counsel