A Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held March 24, 2016, at 11:30 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. 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 also serves on the Board of the Upper Eagle Regional Water Authority (Authority). He also disclosed that he is a former employee of Vail Resorts, which tangentially deals with the Authority and District, as well as being employed part time by SE Group, which does planning and environmental work for Vail Resorts and other ski areas. 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 Authority Director, and serves on the boards of the Edwards 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
- Tug Birk
- Linn Brooks
- Carol Dickman
- Patty Domenico
- Steven Douglas
- Jim Edwards
- John Friestad
- Catherine Hayes
- Debbie Hoffman
- Angie Horn
- Leslie Isom
- Diane Johnson
- John McCaulley
- Melissa Mills McLoota
- Parker Newbanks
- Connie Nunley
- Becky Peterson
- Glen Phelps
- Sherry Raile
- Louise Reiter
- Siri Roman
- Hazel Selander
- Karen Shanley
- Jason Sica
- Evette Smits
- Julie Stuck
- Brian Tracy
- Lonnie Ward
- James Wilkins
- Bob Will
- Jeff Wright
- Consultants
- Jim Collins, Collins Cockrel & Cole
- Dennis Gelvin, independent consultant
- Kristin Moseley, Porzak Browning & Bushong LLP
- Glenn Porzak, Porzak Browning & Bushong LLP
- Rick Pylman, Pylman and Associates
- Public
- Anne Esson, citizen
- Susie Kincade, the Wilderness Coalition
- Stan McElderry, former employee
- Brooke Ranney, Eagle River Watershed Council

CALL TO ORDER
Chairman Sackbauer called the meeting to order at 11:30 a.m.

INTRODUCTIONS
Ms. Brooks introduced Ms. Hoffman, the District’s new construction manager.
PUBLIC COMMENT

Ms. Esson addressed the Board, noting that she supports Rep. Polis’s wilderness bill and urged the Board to support it as well. She also provided a related letter, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. Ms. Kincade also commented on the bill and urged support. Treasurer Friedman commented on some procedural items regarding the upcoming March 28 meeting with Rep. Polis and District and Authority Chairmen Sackbauer and Gregory, respectively. Discussion ensued about who should attend the meeting, with the Board agreeing that a small group was preferable to ensure a resolution to the issue. Chairman Sackbauer promised the meeting would be conducted in good faith on behalf of the community with regard to the negotiations. Additional letters of support for the bill from community members are attached hereto as Exhibit B and incorporated herein by this reference. Ms. Esson and Ms. Kincade left the meeting at 11:57 a.m.

STILLWATER PUD PRESENTATION

Mr. Wilkins outlined the history of the employee housing program and noted all District properties are currently occupied. Staff is exploring additional employee housing options, including development of four District-owned lots that make up the Stillwater and Haselhorst subdivisions – the Stillwater PUD. Mr. Pylman introduced himself and presented information on the Stillwater PUD, a copy of which is attached hereto as Exhibit C and incorporated herein by this reference. A related memo is also attached hereto as Exhibit D and incorporated herein by this reference. Mr. Pylman noted the shortage of employee housing in Eagle County, as well as a lack of affordable housing overall. He said the Stillwater PUD was an excellent opportunity for deed-restricted employee housing and said preliminary planning discussions with Eagle County indicated support for such a project. The Board discussed the proposed schedule and estimated planning costs as well as the need for an employee housing master plan. Upon motion duly made and seconded, it was unanimously RESOLVED that staff is authorized to proceed with initial site planning at an estimated cost of $41,000.

Ms. Brooks noted Board input would be sought after site planning tasks were completed and confirmed that employee feedback would also be obtained to assist with determining unit specifics like size, type, and other details.

HONORING LESLIE ISOM

Additional guests entered the meeting to honor Ms. Isom, including Ms. Domenico, Messrs. Douglas, Edwards, Friestad, Ms. Horn, Messrs. McCaulley and Newbanks, Ms. Peterson, Ms. Raile, Ms. Reiter, Ms. Schmidt, Ms. Selander, Ms. Shanley, Ms. Stuck, and Messrs. Ward, Will, and Wright.

Ms. Brooks outlined Ms. Isom’s many accomplishments in her 33+ years with the District, including leading a successful effort to keep the District as an employee-run government instead of being purchased and operated by a private corporation; transitioning the District from Social Security to its current pension plan; and establishing the employee benefits program. A related document is attached hereto as Exhibit E and incorporated herein by this reference. Ms. Isom was also presented with a
scrapbook outlining her time at the District and with signatures from current and former employees, board members, and consultants.

Guests departed and the Board took a short recess for lunch at 12:40 p.m. The meeting resumed at 1:00 p.m.

**WATER COUNSEL REPORT**

**Colorado Water Rights Protection Act (HB16-1109)** – Mr. Porzak and Ms. Moseley discussed the proposed bill and said involved parties appeared close to reaching consensus on bypass flow language, which is largely unrelated to the substance of the bill. Mr. Porzak reported that the bill passed unanimously in the House Committee on Agriculture, which is unusual.

**St. Jude’s Recreation Bill** – Mr. Porzak discussed the bill, which was proposed in response to and to override a ruling by the Colorado Supreme Court in 2015 that the Roaring Fork Club’s aesthetic, recreational, and piscatorial water diversion was not a beneficial water use. Mr. Porzak said he filed support of the bill on behalf of the District and Authority, as both entities have multiple such rights decreed conditionally. If the St. Jude’s Bill is not passed, conditional water rights could be affected; the state engineer could deny diligence filings, change cases, or attempts to make the rights absolute. Mr. Porzak said numerous other water rights owners have filed similar support for the bill in response to the proposed legislation. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED to contribute $1,000 for a lobbyist to support the bill on its behalf.

**Update on HR 2554: Continental Divide Wilderness and Recreation Act** – Mr. Porzak and Ms. Moseley summarized a recent meeting that counsel, staff, and Board chairmen had with Sen. Bennet’s chief of staff to discuss Rep. Polis’s proposed wilderness bill. Ms. Moseley said Ms. Brooks and Ms. Johnson were very helpful in discussing the Boards’ history with wilderness and previous iterations of the wilderness bill; prior experiences and issues with the Forest Service; and the complexity of the District and Authority’s integrated systems. Mr. Porzak noted it was clear to Sen. Bennet’s staff that the Authority and District based the requested flooding language on previous experience and the Boards’ responsibility to provide high quality water to customers. Information related to the bill and rationale for the District and Authority’s requested language is attached hereto as Exhibit F and incorporated herein by this reference. Ms. Moseley added that Sen. Bennet’s staff believed the timing was favorable for passage of a wilderness bill during Congress’s lame-duck period before President Obama’s successor takes office.

**ACTION ITEMS**

**Consideration of Minutes** – The minutes of the regular meeting of February 25, 2016, were considered. Upon motion duly made and seconded, it was

RESOLVED that the minutes of the February 25, 2016, regular meeting be accepted and hereby are approved as presented.
Reassignment of Responsibilities – Ms. Brooks noted Ms. Isom’s upcoming retirement and discussed
the need to reassign some of her responsibilities, including designation of new District contacts for the
Colorado Special Districts Property and Liability Pool contacts and the District’s custodian of records. A
related board action request is attached hereto as Exhibit G and incorporated herein by this reference.
After discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that Evette Smits and Linn Brooks are the Colorado Special Districts Property and Liability Pool primary and secondary contacts, respectively; and
further RESOLVED that Catherine Hayes is the Custodian of Records.
Copies of the Colorado Special Districts Property and Liability Pool designation and Custodian of Records Resolution are attached hereto as Exhibits H and I, respectively, and incorporated herein by this reference.
Bridge Road Sewer Main Relocation IGA – Mr. Birk presented his board action request and the
intergovernmental agreement with the town of Vail, a copy of which is attached hereto as Exhibit J and
incorporated herein by this reference. Mr. Birk discussed planned work by the town of Vail that will affect the sewer main. The main located within the town of Vail’s right of way so the District is responsible for its relocation. Mr. Birk also noted District staff performs maintenance on this main monthly, so relocation would alleviate the need for such frequent maintenance. After discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that the Intergovernmental Agreement regarding the Bridge Road Sewer Main be and hereby is approved as presented.
2414 Elliott Ranch Road Well Permit Request – Mr. Birk presented his board action request and a
draft letter to the Division of Water Resources regarding a requested private well permit at 2414 Elliott Ranch Road. Copies are attached hereto as Exhibits K and L, respectively, and incorporated herein by this reference. The Board requested revisions to the letter to clarify that the District has no objection to the well permit so long as the water is used in-house only and in connection with one single family residence located on that lot. After discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that the amended letter to the Division of Water Resources approving the well permit request be and hereby is approved as presented.
A copy of the amended letter is attached hereto as Exhibit M and incorporated herein by this reference.
Becky Bulтемeier Services Agreement – Mr. Wilkins presented a board action request and services agreement for Becky Bulтемeier, the District’s former CFO, copies of which are attached hereto as Exhibits N and O, respectively, and incorporated herein by this reference. In response to a question, Mr. Wilkins said he expects he will need fewer than 40 hours of Ms. Bultemeier’s time and cited her specific experience with and knowledge of previous District bond issues and audits as the reason to use her services. After discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that the services agreement with Becky Bultemeier 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 P and incorporated herein by this reference.

STRATEGY ITEMS

Vacant Director District 3 Appointment – Ms. Brooks discussed the vacancy that will exist in director district 3 after the May 3 election date, as Ms. Langmaid did not run for the remainder two-year term in that district. Ms. Brooks presented related information, a copy of which is attached hereto as Exhibit Q and incorporated herein by this reference. Discussion ensued regarding advertising the vacancy and interviewing applicants. The Board directed staff to issue a press release on the vacancy and cite an April 18 deadline for potential applicants to submit letters of interest and qualifications to Ms. Hayes. The entire Board would like to review the application materials, but only the organizational development subcommittee, Directors Simmons and Testwuide, will interview applicants. The Board would like to appoint the new director at its May 26 meeting.

Bond Issue and Premium Options – Mr. Wilkins discussed the upcoming issuance of wastewater general obligation bonds, which District voters approved in the May 2014 election. A 3.0602 interest rate for the bonds was locked in on March 17, and the bonds will be issued on March 31 for a total of $25 million. The Board directed staff to issue a press release on the matter to note these voter-approved bonds were issued.

GENERAL MANAGER REPORT

Ms. Brooks presented her report, a copy of which is attached hereto as Exhibit R and incorporated herein by this reference.

Gore Creek Strategic Action Plan – Ms. Brooks said the Vail town council adopted the plan at its March 15 meeting. District and town staff continue to work together to partner on high priority projects designated in the plan, including riparian restoration and winter snow storage locations. Director Langmaid thanked staff and the Board for support of the plan and their collaborative efforts with the town of Vail.

Organizational Update – Ms. Brooks noted the District was undertaking another employee survey in May. Directors Simmons and Testwuide said they would postpone Ms. Brooks’ annual review until survey results were received. They noted the major changes the District was undergoing with its recent reorganization and said the survey results would be an indicator of how things were progressing to date.

Monthly Reports – The monthly reports were acknowledged, copies of which are attached hereto as Exhibit S and incorporated herein by this reference.
FINANCE REPORT

Mr. Wilkins presented his report, a copy of which is attached hereto as Exhibit T and incorporated herein by this reference. He noted lower-than-projected January water sales were likely due to lower tourism numbers. February water sales were in line with projections, as were the development impact fees paid.

OPERATIONS REPORT

Ms. Roman presented the operations report, a copy of which is attached hereto as Exhibit U and incorporated herein by this reference.

Eagle Mine Update – Ms. Roman said the Eagle Mine Ltd. Board dissolved as a technical assistant grant (TAG) recipient; the group will retain their 501(c)(3) charitable organization status and become a sub-committee of the Eagle River Watershed Council. This committee will continue its efforts to provide information and facilitate public input related to the Eagle Mine Superfund site. Ms. Roman also reported that the Colorado Department of Public Health and Environment’s Hazardous Materials and Waste Management Division submitted a technical impracticability (TI) waiver of the arsenic standard to the Environmental Protection Agency, and it is currently under review. Staff and consultants are following this development and making comments as needed, as the proposed limit is much higher than normal background levels and could adversely affect District and Authority water quality and treatment operations.

Regulation 31 Update – Ms. Roman reviewed Regulation 31, which includes the Water Quality Control Commission’s proposed changes for surface water standards and methodologies, including those for temperature and certain metals in the Eagle River Basin. She noted issues of concern regarding how the standards are applied in the District and Authority service area. Party status was requested on behalf of the District, Authority, and Eagle Park Reservoir Company, and consultants Steve Bushong and Bob Weaver will monitor the rulemaking process and determine if any comments or other actions are appropriate.

Wastewater Operations Update – Ms. Roman said wastewater operations were running smoothly after the ammonia exceedance in February. She said current levels of ammonia at the Edwards Wastewater Treatment Plant were below the limit.

Black Gore Creek Steering Committee – Ms. Roman updated the board on a recent meeting of this committee. She reported that CDOT aims to pick up as much traction sand as it puts down each year and hired a contractor last fall to retrieve the sand in the harder to reach areas. CDOT is designing a more permanent access road to remove sediment from the Basin of Last Resort on Vail Pass. The basin was last cleaned in 2009, and it cost over $1 million for a specialized contractor to access the basin.

PUBLIC AFFAIRS REPORT

Ms. Johnson presented the Communications and Public Affairs Report, a copy of which is attached hereto as Exhibit V and incorporated herein by this reference.
Legislative Update – Ms. Johnson discussed bills the Authority and District are following, including the rain barrel bill (HB16-1005) and a bill regarding water loss audit reporting (HB16-1283). She said the Colorado Water Congress is also monitoring proposed public trust initiatives. Ms. Johnson also discussed Senate Bill 16-145, which provides an alternative mechanism for creation of subdistricts within the Colorado River Water Conservation District. The subdistricts could be used as funding mechanisms for projects related to the Colorado Basin Implementation Plan and Colorado Water Plan. After discussion and upon motion duly made and seconded, it was unanimously RESOLVED to support Senate Bill 16-145, Colorado River District Subdistrict formation.

Statewide Tap Fee Article – Ms. Johnson noted an article about a possible statewide ‘tap fee,’ a copy of which is attached hereto as Exhibit W and incorporated herein by this reference. This proposed statewide surcharge could be used to fund projects identified in the Colorado Water Plan; many questions remain as to how the funds would be collected, distributed, and utilized.

Building a Better Colorado Initiatives – Ms. Johnson said the organization submitted several variations of possible ballot initiatives (related to their three focus areas) to the Title Board, but only one version for each topic will be placed on the November statewide ballot. One possible initiative would require petition signatures from all 35 state Senate districts for proposed state constitution amendments.

Curtailment Risk Study – Ms. Johnson said the River District is leading the effort on the Colorado River Development and Curtailment Risk Study to investigate Colorado River operations, hydrology, climate, development pressures, and the implications on Lakes Powell and Mead. East Slope parties are now participating in the effort, along with the four West Slope roundtables and the Southwest Water Conservation District.

Forest Service Water Right Directives – Ms. Johnson noted the Western Governors’ Association sent a letter to the U.S. Forest Service outlining concerns about the shortened public process in USFS directives – such as the Groundwater Resource Management and Ski Resort Water Rights Clause directives – and also seeking a role for states as full partners in the process.

Vail SNOTEL Site Visit – Ms. Johnson reported on a March 14 Vail SNOTEL site visit with employees of the USDA Natural Resources Conservation Service (NRCS), which manages the site, and a Vail ski patroller. The site became more exposed with the removal of beetle-killed trees about five years ago, subjecting it to more solar and wind effects; this makes comparisons between current and historical data more difficult. The NRCS employees took manual site measurements to compare to the automated data. Initial findings indicated the site may be underreporting snow water equivalent.

All staff except Ms. Brooks and Ms. Johnson left the meeting at 2:10 p.m.
EXECUTIVE SESSION

Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding CRCA matters pursuant to §24-6-402(4)(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 2:11 p.m. to discuss attorney-client privileged issues concerning CRCA matters, pursuant to §24-6-402(4)(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 2:34 p.m.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 3:20 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

________________________________________
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

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Jim Collins, General Counsel