

Upper Eagle Regional Water Authority

Board of Directors Meeting

July 28, 2016

MINUTES

1 A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was
2 held July 28, 2016, at 8:30 a.m., in the Walter Kirch Room of the Eagle River Water & Sanitation District
3 (District), 846 Forest Road, Vail, Eagle County, Colorado, in accordance with the applicable statutes of
4 the State of Colorado.

5 **ATTENDANCE**

6 **The following Directors were present, thereby constituting a quorum:**

7 Tom Allender, EagleVail Metropolitan District
8 Geoff Dreyer, Arrowhead Metropolitan District
9 Pam Elsner, Beaver Creek Metropolitan District
10 George Gregory, Berry Creek Metropolitan District
11 Sarah Smith Hymes, town of Avon
12 Mick Woodworth, Edwards Metropolitan District

13 **Also in attendance were:**

14 <u>District Staff</u>	22	Jason Sica
15 Linn Brooks	23	Brian Tracy
16 Jason Cowles	24	James Wilkins
17 Camille Cuypers	25	<u>Consultants</u>
18 Wenli Dickinson	26	Kristin Moseley, Porzak Browning & Bushong LLP
19 Carol Dickman	27	<u>Public</u>
20 Catherine Hayes	28	Michael Lindholm, Traer Creek LLC
21 Diane Johnson	29	Mike Reisinger, Berry Creek Metropolitan District

30 **DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST**

31 The Board noted it had received more than 72 hours prior to the meeting certain disclosures of Potential Conflicts of Interest
32 Statements for the following Directors indicating the following conflicts:

33 Directors Allender and Gregory and alternate Director Simmons disclosed that they serve on the Board of the Eagle River Water
34 and Sanitation District. Director Allender also disclosed that he is a former employee of Vail Resorts, which tangentially deals with
35 the Authority and District, as well as being employed part time by SE Group, which does planning and environmental work for Vail
36 Resorts and other ski areas. Director Elsner disclosed her membership with the Vilar Performing Arts Center Guild, which operates
37 within the Authority's service area. Director Gregory also disclosed that he occasionally undertakes small development and
38 construction activities within the Authority and District service areas. Alternate Director Simmons noted he serves on the Edwards
39 Metropolitan District board and is employed by Beaver Creek Metropolitan District, an Authority member. Director Woodworth
40 disclosed that he is employed by the Eagle River Fire Protection District, which operates within the Authority's service area.

41 **CALL TO ORDER**

42 Chair Gregory called the meeting to order at 8:30 a.m.

43 **Conflict of Interest Disclosure** – It was noted that updated conflict of interest letters were filed on behalf
44 of Chair Gregory and Director Elsner, copies of which are attached hereto as **Exhibits A** and **B**,
45 respectively, and incorporated herein by this reference.

46 **INTRODUCTIONS**

47 Ms. Brooks introduced Wenli Dickinson, an intern with the CIP department who attends the Colorado
48 School of Mine.

49 **ACTION ITEMS**

50 **2015 Audited Financial Statements** – Mr. Wilkins discussed the FY 2015 audit, which was performed
51 by McMahan and Associates. A related board action request and copy of the audit are attached hereto
52 as **Exhibits C** and **D**, respectively, and incorporated herein by this reference. Mr. Wilkins discussed
53 some minor procedural changes suggested by the auditors to ensure appropriate checks and balances.
54 The audit committee, Chair Gregory and Treasurer Dreyer, also discussed the audit, which was clean;

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1 they recommended approval. After discussion and upon motion duly made and seconded, it was
2 unanimously

3 **RESOLVED** that the FY2015 audited financial statement be and hereby is approved as
4 presented.

5 **Consideration of Minutes** – The minutes of the regular meeting of June 23, 2016, were considered.
6 Upon motion duly made and seconded, it was unanimously

7 **RESOLVED** that the minutes of the June 23, 2016, regular meeting be accepted and hereby are
8 approved as presented. Director Elsner abstained.

9 **STRATEGY ITEMS**

10 **Board Member Input** – Ms. Brooks noted the new standing agenda item was added to allow board
11 member input on topics they wished to discuss that may have transpired since board materials were
12 issued the week prior. Chair Gregory summarized the recent meeting with Rep. Polis and his staff that he,
13 District Chair Sackbauer, and Mses. Brooks and Johnson attended regarding Rep. Polis's wilderness bill.
14 Rep. Polis and his staff seemed amenable to the new language proposed by the Authority and District,
15 which addresses process rather than an amendment to the wilderness act. No final approval on the
16 language has been given, but attendees agreed the meeting was positive.

17 **GENERAL MANAGER REPORT**

18 Ms. Brooks presented her report, a copy of which is attached hereto as **Exhibit E** and incorporated herein
19 by this reference. The monthly reports were also acknowledged, copies of which are attached hereto as
20 **Exhibit F** and incorporated herein by this reference.

21 **ERMOU Event Update** – Ms. Brooks discussed the recent event held July 25 – 26 in Vail with
22 the Eagle River MOU partners. Attendance included executives from the partner entities, whereas
23 much previous communication has been at lower staff levels. July 25 included visits to potential
24 project sites and a welcome dinner. July 26 featured a meeting to discuss statements of water
25 needs from each partner, with plans to develop a joint statement of purpose and need
26 cooperatively. Discussion ensued regarding the terms of the Eagle River MOU and how this will
27 ultimately inform the chosen project(s). Chair Gregory complimented staff on arranging the event.

28 **Mountain Star Tank Update** – Mr. Cowles updated on the Mountain Star tank, construction of
29 which is proceeding on budget. The schedule is being condensed to the extent possible, as late
30 spring snow delayed the start, though the project is mostly on schedule.

31 **Traer Creek Tank Update** – Mr. Cowles said the matter of the declaratory judgment is now
32 before the court; he expects a better understanding of the timeline by the August board meeting.
33 Discussion ensued regarding the timelines for a replacement plan; tank demolition; and
34 rebuilding. Additionally, the board discussed observed delays regarding response from Traer

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1 Creek LLC on various time-sensitive issues; Mr. Lindholm disagreed with this characterization of
2 Traer Creek's responses.

3 **FINANCE REPORT**

4 Mr. Wilkins presented the finance report, a copy of which is attached hereto as **Exhibit G** and
5 incorporated herein by this reference. In response to a question, Mr. Wilkins clarified that the West End
6 project is just west of the Gas House in Edwards.

7 **OPERATIONS REPORT**

8 Ms. Brooks presented the Operations Report, a copy of which is attached hereto as **Exhibit H** and
9 incorporated herein by this reference.

10 **COMMUNICATIONS AND PUBLIC AFFAIRS REPORT**

11 Ms. Johnson presented the Communications and Public Affairs Report, a copy of which is attached
12 hereto as **Exhibit I** and incorporated herein by this reference.

13 **CWCB Budget** – Ms. Johnson cited a Colorado Water Conservation Board (CWCB) memo
14 regarding an April Colorado Supreme Court ruling concerning severance taxes, its impact to the
15 Department of Natural Resources and the CWCB, and the CWCB's proposed funding plan, a
16 copy of which is attached hereto as **Exhibit J** and incorporated herein by this reference.

17 **Colorado River Water Conservation District Meeting** – Ms. Johnson reported on topics
18 discussed at the July 20 River District board meeting.

19 **Club 20 Policy Committee Meeting** – Ms. Johnson reported that the Club 20 water policy
20 committee updated several policies at its July 21 meeting, including two with new language that
21 reflects HB16-1109, the Colorado Water Rights Protection Act, which was signed into law in April.
22 Specifically, Club 20 added provisions stating that water rights and water quality matters should
23 remain within state jurisdiction and federal agencies should defer to state law.

24 **GENERAL COUNSEL REPORT**

25 Ms. Brooks noted that Mr. Collins was on vacation and did not include a July packet report.

26 **WATER COUNSEL REPORT**

27 **Federal Water Rights Protection Act** – Ms. Moseley discussed two federal water rights
28 protection bills that are pending, one each in the House and Senate, copies of which are attached
29 hereto as **Exhibits K** and **L**, respectively, and incorporated herein by this reference. The House
30 bill was introduced by Colorado Rep. Tipton. The Senate bill is an omnibus bill, containing a wide
31 range of items, including some on controversial topics.

32 **Traer Creek Diligence Case** – Ms. Moseley discussed the diligence filing, which is due at the
33 end of August for three separate water rights transferred to the Authority from Avon, which
34 received the rights from the original developer. Ms. Moseley said discussion of whether to include

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1 Avon as a co-applicant is ongoing. A copy of the filing is attached hereto as **Exhibit M** and
2 incorporated herein by this reference.

3 At 9:08 a.m., Ms. Dickinson and Messrs. Lindholm and Reisinger left the meeting.

4 **EXECUTIVE SESSION**

5 Ms. Moseley requested the Board enter into Executive Session to receive legal advice regarding Eagle River
6 MOU and CRCA matters, pursuant to §24-6-402(4)(b) and (e) C.R.S. She asked that no electronic record be
7 made, as the discussion would be entirely privileged attorney-client communications. Upon motion duly made
8 and seconded, it was unanimously

9 **RESOLVED** to enter Executive Session at 9:09 a.m. to discuss attorney-client privileged
10 issues concerning Eagle River MOU and CRCA matters, pursuant to §24-6-402(4)(b) and (e)
11 C.R.S. with no electronic record created as Ms. Moseley opined the contents of the
12 discussion would contain privileged attorney-client communications.*

13 At 9:35 a.m., before the discussion of CRCA matters, all staff left the meeting, with the exception of Ms.
14 Brooks and Ms. Johnson.

15 The regular meeting resumed at 9:54 a.m.

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ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 9:55 a.m.

Respectfully submitted,

Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND NOTICE OF MEETING WAIVED

Arrowhead Metropolitan District

Town of Avon

Beaver Creek Metropolitan District

Berry Creek Metropolitan District

EagleVail Metropolitan District

Edwards Metropolitan District

*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.

Kristin Moseley, Water Counsel