Upper Eagle Regional Water Authority
Board of Directors Meeting
July 28, 2016
MINUTES

A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was held July 28, 2016, at 8:30 a.m., in the Walter Kirch Room of the Eagle River Water & Sanitation District (District), 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:

- Tom Allender, EagleVail Metropolitan District
- Geoff Dreyer, Arrowhead Metropolitan District
- Pam Elsner, Beaver Creek Metropolitan District
- George Gregory, Berry Creek Metropolitan District
- Sarah Smith Hymes, town of Avon
- Mick Woodworth, Edwards Metropolitan District

Also in attendance were:

- District Staff
- Linn Brooks
- Jason Cowles
- Camille Cuypers
- Wenli Dickinson
- Carol Dickman
- Catherine Hayes
- Diane Johnson
- Jason Sica
- Brian Tracy
- James Wilkins
- Consultants
- Kristin Moseley, Porzak Browning & Bushong LLP
- Public
- Michael Lindholm, Traer Creek LLC
- Mike Reisinger, Berry Creek Metropolitan District

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:

- Directors Allender and Gregory and alternate Director Simmons disclosed that they serve on the Board of the Eagle River Water and Sanitation District. Director Allender 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 Elsner disclosed her membership with the Vilar Performing Arts Center Guild, which operates within the Authority’s service area. Director Gregory also disclosed that he occasionally undertakes small development and construction activities within the Authority and District service areas. Alternate Director Simmons noted he serves on the Edwards Metropolitan District board and is employed by Beaver Creek Metropolitan District, an Authority member. Director Woodworth disclosed that he is employed by the Eagle River Fire Protection District, which operates within the Authority’s service area.

CALL TO ORDER

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

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

INTRODUCTIONS

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

ACTION ITEMS

2015 Audited Financial Statements – Mr. Wilkins discussed the FY 2015 audit, which was performed by McMahan and Associates. A related board action request and copy of the audit are attached hereto as Exhibits C and D, respectively, and incorporated herein by this reference. Mr. Wilkins discussed some minor procedural changes suggested by the auditors to ensure appropriate checks and balances.

The audit committee, Chair Gregory and Treasurer Dreyer, also discussed the audit, which was clean;
they recommended approval. After discussion and upon motion duly made and seconded, it was
unanimously

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

Consideration of Minutes – The minutes of the regular meeting of June 23, 2016, were considered.
Upon motion duly made and seconded, it was unanimously
RESOLVED that the minutes of the June 23, 2016, regular meeting be accepted and hereby are
approved as presented. Director Elsner abstained.

STRATEGY ITEMS

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

GENERAL MANAGER REPORT

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

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

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

Traer Creek Tank Update – Mr. Cowles said the matter of the declaratory judgment is now
before the court; he expects a better understanding of the timeline by the August board meeting.
Discussion ensued regarding the timelines for a replacement plan; tank demolition; and
rebuilding. Additionally, the board discussed observed delays regarding response from Traer
Creek LLC on various time-sensitive issues; Mr. Lindholm disagreed with this characterization of
Traer Creek’s responses.

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

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

COMMUNICATIONS AND PUBLIC AFFAIRS REPORT
Ms. Johnson presented the Communications and Public Affairs Report, a copy of which is attached
hereto as Exhibit I and incorporated herein by this reference.

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

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

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

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

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

Traer Creek Diligence Case – Ms. Moseley discussed the diligence filing, which is due at the
end of August for three separate water rights transferred to the Authority from Avon, which
received the rights from the original developer. Ms. Moseley said discussion of whether to include
Avon as a co-applicant is ongoing. A copy of the filing is attached hereto as Exhibit M and incorporated herein by this reference.

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

**EXECUTIVE SESSION**

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

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

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