A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was held November 17, 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
Pam Elsner, Beaver Creek Metropolitan District
George Gregory, Berry Creek Metropolitan District
Sarah Smith Hymes, town of Avon
Mick Woodworth, Edwards Metropolitan District

The following Director was absent and excused:

Geoff Dreyer, Arrowhead Metropolitan District

Also in attendance were:

District Staff
Linn Brooks 24 Brian Tracy
Jason Cowles 25 James Wilkins
Carol Dickman 26 Consultants
Maureen Egan 27 Jim Collins, Collins Cockrel & Cole
Catherine Hayes 28 Kristin Moseley, Porzak Browning & Bushong LLP
Debbie Hoffman 29 Public
Diane Johnson 30 Michael Lindholm, Traer Creek
Siri Roman 31 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.

PUBLIC COMMENT

Mr. Lindholm commented on the proposed Integrated Project Delivery resolution to be considered later in the meeting.

ACTION ITEMS

Consideration of Minutes – The minutes of the regular meeting of October 27, 2016, were considered.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the October 27, 2016, regular meeting be accepted and hereby are approved as presented.

The minutes of the joint meeting of October 27, 2016, were considered. Upon motion duly made and seconded, it was unanimously
RESOLVED that the minutes of the October 27, 2016, joint meeting with the Eagle River Water & Sanitation District be accepted and hereby are approved as presented.

PUBLIC HEARING: 2017 Proposed Budget
Chairman Gregory opened a public hearing at 8:34 a.m. to discuss the 2017 budget, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. A call for public input solicited no response. The public hearing was closed at 8:35 a.m. Mr. Wilkins presented Resolutions to Adopt the 2017 Budget and to Appropriate Sums of Money, copies of which are attached hereto as Exhibits B and C, respectively, and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously RESOLVED that the Resolutions to Adopt the 2017 Budget and Appropriate Sums of Money be and hereby are approved as presented.

The 2017 rates for service charges and tap fees are set as follows:

**UERWA Water Service Rates for 2017**

<table>
<thead>
<tr>
<th>Base Rates per Single Family Equivalent:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$17.29 Monthly Base Service Rate</td>
</tr>
<tr>
<td>$3.06 Monthly Debt Service for 2010B Bonds</td>
</tr>
<tr>
<td>$2.56 Monthly Debt Service for 2013A Bonds</td>
</tr>
<tr>
<td>$3.39 Capital Replacement Program Base Rate</td>
</tr>
<tr>
<td>$26.30 Total Base Rate per SFE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Usage Rates per 1,000 Gallons of Metered Water Use per Single Family Equivalent:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 First 10,000 gallons $3.62 $0.07 increase</td>
</tr>
<tr>
<td>Tier 2 Next 10,000 gallons $5.43 $0.11 increase</td>
</tr>
<tr>
<td>Tier 3 Next 10,000 gallons $8.14 $0.16 increase</td>
</tr>
<tr>
<td>Tier 4 Next 10,000 gallons $12.22 $0.24 increase</td>
</tr>
<tr>
<td>Tier 5 Over 40,000 gallons $18.33 $0.36 increase</td>
</tr>
</tbody>
</table>

**ERWSD Wastewater Service Rates for 2017**

<table>
<thead>
<tr>
<th>Residential Fees are based on square footage (s.f.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2,500 s.f. $3.84/s.f.</td>
</tr>
<tr>
<td>2,501 – 3,500 s.f. $4.73/s.f.</td>
</tr>
<tr>
<td>3,501 – 5,000 s.f. $5.77/s.f.</td>
</tr>
<tr>
<td>5,001 s.f. and over $7.40/s.f.</td>
</tr>
</tbody>
</table>

**Commercial fees are based on meter flows and fixture counts and will increase 3.0% Jan. 1, 2017.**

PUBLIC HEARING: 2017 Proposed Rates
Chairman Gregory opened a public hearing at 8:36 a.m. to discuss the 2017 rate sheet, a copy of which is attached hereto as Exhibit D and incorporated herein by this reference. A call for public input solicited no response. Mr. Collins noted the Authority had posted the required formal notice of the public hearing at which the Board would consider a rate change at least 30 days in advance. A copy of the notice is attached hereto as Exhibit E and incorporated herein by this reference. The public hearing was closed at 8:37 a.m. Mr. Wilkins presented a resolution to adopt the 2017 rates, a copy of which is attached hereto
as Exhibit F and incorporated herein by this reference. Chair Gregory clarified that the rates are per
single family equivalent. Upon motion duly made and seconded, it was unanimously
RESOLVED that resolution to adopt the 2017 rates be and hereby is approved as
presented.

GENERAL COUNSEL REPORT

Traer Creek Update – For the benefit of public attendees, Mr. Collins summarized the integrated
project delivery (IPD) resolution for which the Board would receive advice of counsel in Executive
Session. The resolution would allow the Authority to contract for the reconstruction of the Traer
Creek tank at the best value. Mr. Collins also noted the Authority’s continued accommodation of
construction in the Traer Creek area despite the lack of a functional water tank. Mr. Collins
reminded the Board that the court has yet to determine responsibility for the tank failure but
recommended commencing reconstruction without such ruling because the tank is needed as
part of the Authority’s water system. Service to the valley floor in the Traer Creek area is not
limited, but development on the upper bench of the Traer Creek area is limited due to lack of
physical water system infrastructure without the tank.

Executive Session – Mr. Collins requested the Board enter into Executive Session to receive legal
advice regarding the Traer Creek tank and related 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 8:40 a.m. to discuss attorney-client privileged
issues concerning Traer Creek tank and related matters, pursuant to §24-6-402(4)(b) and (e)
C.R.S. with no electronic record created as Mr. Collins opined the contents of the discussion
would contain privileged attorney-client communications.*

The regular meeting resumed at 9:23 a.m.

Integrated Project Delivery (IPD) Resolution – Mr. Collins discussed the IPD resolution, noting that
the Authority believes moving forward with tank reconstruction benefits Traer Creek and future
development there, as well as the Authority. After discussion and upon motion duly made and
seconded, it was unanimously
RESOLVED that the resolution for integrated project delivery for reconstruction of the Traer
Creek tank be and hereby is approved as presented.

Director Hymes abstained, as she noted the town of Avon has abstained from all related resolutions
due to its unique relationship and involvement with Traer Creek. Chair Gregory noted that an IPD
method resulted in $300,000 in savings for the Authority’s recently completed Mountain Star tank. A
copy of the resolution is attached hereto as Exhibit G and incorporated herein by this reference.

Inclusion of Mountain Star Tank Site – Mr. Collins reported that later in the day the District would
consider inclusion of the Mountain Star tank site in Avon into its boundaries at the request of Eagle
Upper Eagle Regional Water Authority

County. The inclusion would prevent the need for Eagle County to create an entirely new tax district in which there is no taxable property.

GENERAL MANAGER REPORT

Ms. Brooks noted she did not include a written report in packets. Monthly reports were acknowledged, copies of which are attached hereto as Exhibit H and incorporated herein by this reference.

FINANCE REPORT

Mr. Wilkins presented the finance report, a copy of which is attached hereto as Exhibit I and incorporated herein by this reference. He noted water sales were slightly below projections and that future budgets would not be based on previous years’ figures since sales are largely weather-dependent and difficult to predict on a year-to-year basis.

Quarterly Financial Report – Mr. Wilkins discussed the quarterly report, a copy of which is attached hereto as Exhibit J and incorporated herein by this reference. The Board acknowledged receipt of the report.

OPERATIONS REPORT

The Operations Report was presented, a copy of which is attached hereto as Exhibit K and incorporated herein by this reference.

Multimetric Index Scores – Ms. Roman presented the 2015 results of the macroinvertebrate sampling events at various locations along Gore Creek and the Eagle River. The number and type of macroinvertebrates found in the samples are an indicator of stream health, and the District has performed such sampling for a number of years. Lower scores are associated with poorer river health. Copies of the memo and presentation are attached hereto as Exhibits L and M, respectively, and incorporated herein by this reference. Ms. Roman noted Gore Creek results followed recent trends, with scores dropping fairly dramatically within urban areas. The Eagle River is showing some improvement, according to results, and this could be partly attributed to recent restoration efforts along certain sections of the river. Ms. Roman noted that a large rain event occurred about two weeks before the sampling, which could have washed some bugs out of the sampling sites and could partially explain the lower scores at the reference sites in Vail. The Eagle River is showing some improvement, according to results. Future biomonitoring will be essential for the validation of this observation and the assessment of future changes in the aquatic conditions.

COMMUNICATION AND PUBLIC AFFAIRS REPORT

Ms. Johnson noted she did not include a written report for the monthly packets.

Colorado River Risk Study – Ms. Johnson discussed phase 2 of the Colorado River Development and Curtailment Risk Study, led by the River District and funded, in part, by the West Slope Basin Roundtables. Some Front Range entities are concerned about the study’s
direction, even though many of their representatives are involved in the technical advisory group, and have appealed to the Colorado Water Conservation Board to lead such efforts. She mentioned several letters and media reports and offered to send them to those interested.

City of Aspen Water Rights Diligence – Ms. Johnson said many groups are opposed to the city of Aspen’s filing for diligence on conditional water rights it has maintained since 1965 for potential storage reservoirs on upper Castle and Maroon creeks.

Mountain Star Tank Ribbon Cutting – Ms. Brooks said staff is planning a ribbon-cutting ceremony at the newly completed Mountain Star tank, possibly in the coming weeks, depending on weather conditions. She noted an integrated project delivery method was used for the tank, resulting in a cost savings of nearly $300,000 from the original estimate. This savings will be refunded to the Mountain Star homeowners.

Water Testing and Contaminant Analysis – In response to a question, staff discussed water testing and contaminant analysis. Mr. Tracy said staff cannot reasonably test for every possible contaminant, citing technology and resource limitations. Ms. Brooks noted use of risk analysis to determine the need (or not) for specific contaminant testing (e.g., the Authority and District do not test for expected byproducts of industrial processes that are not performed in the area). Some known contaminants naturally occur in the area at very low levels and are monitored, but such levels are not public health risks.

WATER COUNSEL REPORT

Chair Gregory noted Ms. Moseley was attending the meeting in Mr. Porzak’s place due to a scheduling conflict.

Authority Water Rights Report – Ms. Moseley presented the Authority water rights report, a copy of which is attached hereto as Exhibit N and incorporated herein by this reference. The report was completed at the request of the Authority Board following the update of individual member water rights reports. The report analyzed water dedicated by the members; dedicated by contract; and purchased by the Authority to determine the amount of unallocated water, which is lower than previously expected. This is due to dedication by the Authority of additional historic consumptive use (HCU) credits to meet the water demands of the Cordillera service area, in addition to water deficits by some members that are covered by Authority water. The Board directed the staff working with Ms. Moseley and Mr. Porzak to complete a risk analysis regarding the current amount of unallocated water.

Cash in Lieu of Water Rights Increase – Ms. Moseley noted the proposed cash in lieu of water rights fee increases were approved as part of the 2017 budget at the beginning of the meeting.

All staff with the exception of Ms. Brooks and Ms. Johnson left the meeting at 10:21 a.m.

EXECUTIVE SESSION
Ms. Moseley requested the Board enter into Executive Session to receive legal advice regarding Eagle River MOU caps 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 10:02 a.m. to discuss attorney-client privileged issues concerning Eagle River MOU caps 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.*

All remaining staff left the meeting at 10:08 a.m., prior to discussion of the CRCA matters. The regular meeting resumed at 10:15 a.m.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:16 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.

___________________________________
James P. Collins, General Counsel

___________________________________
Kristin Moseley, Water Counsel