A Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held April 27, 2017, 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. Bob Armour
3. Steve Coyer, via phone
4. George Gregory
5. Bill Simmons
6. Frederick P. Sackbauer IV, via phone

The following Director was absent and excused:

7. Steve Friedman

Also in attendance were:

8. District Staff
9. Tug Birk
10. Linn Brooks
11. Jason Cowles
12. Carol Dickman
13. Maureen Egan
14. Catherine Hayes
15. Diane Johnson
16. Elena Jones
17. John McCaulley
18. Siri Roman
19. Brian Tracy
20. James Wilkins
21. Consultants
22. Stacy Berlinger, Piper Jaffray
23. Jim Collins, Collins Cockrel & Cole
24. Heather Houston, Western Ecological Resource
25. Leah Mayer, LKSM Design
26. Glenn Porzak, Porzak Browning & Bushong LLP
27. Rick Pylman, Pylman Associates

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 disclosed that they also serve on the Board of the Upper Eagle Regional Water Authority (Authority). Directors 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 Armour disclosed that he is employed by Vail Resorts and the Vail Recreation District. Director Friedman serves on the Boards of the Beaver Creek Metropolitan District and the Vail Valley Foundation. Director Gregory also serves on the board of the Berry Creek Metropolitan District and occasionally undertakes development and construction activities within the District and Authority service areas. 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 board of the Edwards Metropolitan District.

CALL TO ORDER

Acting Chair Allender called the meeting to order at 11:30 a.m.

ACTION ITEMS

Consideration of Minutes – The minutes of the regular meeting of March 23, 2017, were considered.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the March 23, 2017, regular meeting be accepted and hereby are approved as presented.

The minutes of the joint special meeting of March 23, 2017, were considered. Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the March 23, 2017, joint special meeting with the Upper Eagle Regional Water Authority be accepted and hereby are approved as presented.
Vacation of Easement on Alpine Drive – Mr. Birk presented a board action request and related information regarding a request for vacation of easement on Alpine Drive in Vail. Copies are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the vacation of easement be and hereby is approved as presented.

A resolution authorizing the vacation of easement is attached hereto as Exhibit C and incorporated herein by this reference.

Mr. Birk left the meeting at 11:40 a.m.

Resolution of the Board Amending the Resolution Adopted on Nov. 17, 2016, Authorizing the Issuance and Sale of Water Revenue Refunding Bonds, Series 2016, and Providing Other Details Concerning the Bonds and Water System – Mr. Wilkins and Ms. Berlinger discussed the board action request and resolution related to the bond refunding, copies of which are attached hereto as Exhibits D and E, respectively, and incorporated herein by this reference. Ms. Berlinger noted rates have improved in the last month, facilitating the refunding, which will save ratepayers an estimated $825,000 over the life of the bonds. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the resolution be and hereby is approved as presented.

Mr. Wilkins also discussed requested action at the May 25, 2017, meeting to amend the budget to reduce budget expenditures due to the reduction in debt service from the bond refunding that was just approved.

Resolution to Purchase Real Property – Mr. Wilkins discussed a board action request and resolution to purchase Red Sandstone Creek unit B7 from a Vail resident, copies of which are attached hereto as Exhibits F and G, respectively, and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the resolution to purchase Red Sandstone Creek Unit B7 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 H and incorporated herein by this reference.

STRATEGY ITEMS

Stillwater PUD Update – Mr. Wilkins introduced Mr. Pylman and Ms. Mayer, who updated the board on the Stillwater PUD; a copy of the update is attached hereto as Exhibit I and incorporated herein by this reference. Mr. Pylman discussed the site plan details for the development, which anticipates 21 units of various sizes and types. He noted Ms. Mayer can now begin working on architecture for the development. In response to a question, Mr. Pylman said there was no public access to the river in the plan. Discussion ensued regarding early procurement of a contractor; the construction method and other architectural items; and results of the traffic report, which require restriping but no additional lanes added.

Resolution for Integrated Project Delivery (IPD) for the Stillwater PUD – Mr. Wilkins presented a board action request and resolution regarding integrated project delivery for the Stillwater PUD, copies of which are attached hereto as Exhibits J and K, respectively, and incorporated herein by this reference.
He explained the merits of IPD, including cost and time savings. Ms. Brooks stated for the record that Treasurer Friedman had emailed and commented on the delivery method, which he thought to be “irregular.” Discussion ensued regarding the merits of this alternate method for this particular project, especially as it relates to upfront planning and cost-saving potential. Upon motion duly made and seconded, it was unanimously

**RESOLVED** that the resolution for Integrated Project Delivery for the Stillwater PUD be and hereby is approved as presented.

Director Coyer left the meeting at 12:12 p.m.

**Resolution to Allocate Additional Funds for Stillwater PUD** – Mr. Wilkins noted that upon approval of the IPD resolution for the Stillwater PUD, funds would need to be expended on a different timeline than originally anticipated. He requested allocation of $50,000 to engage a contractor earlier in the process, noting the benefits of contractor input in reducing costs and cost risk of the project. After discussion and upon motion duly made and seconded, it was unanimously

**RESOLVED** that the allocation of $50,000 to engage a contractor earlier in the Stillwater PUD process be and hereby is approved.

**Committee Assignments** – Ms. Brooks explained the need for a board committee related to the Eagle River MOU, as relevant meetings are frequently held between board meetings and board member participation would be beneficial. Secretary Gregory offered to serve on the committee. Director Armour offered to serve on the Climate Action Plan ad hoc committee.

The Board took a short recess for lunch at 12:17 p.m., at which time Ms. Berlinger, Ms. Mayer, and Mr. Pylman left the meeting. The regular meeting resumed at 12:32 p.m.

**Cordillera Valley Club (CVC) Tank Revegetation Project** – Ms. Houston of Western Ecological Resource presented information regarding the successful and extensive vegetation restoration project at the CVC tank project site. The goal of the restoration was to leave the disturbed area with a more natural diversity of vegetation than is normally achieved after construction. The sloped site included numerous unique species, and part of the restoration occurred during the 2012 drought. Despite many additional challenges, the project is meeting all success criteria and is expected to do so until the official end of monitoring at the end of 2017. A copy of the presentation is attached hereto as **Exhibit L** and incorporated herein by this reference. Ms. Houston and Ms. Egan left the meeting at 12:54 p.m.

**GENERAL MANAGER REPORT**

Ms. Brooks presented her report, a copy of which is attached hereto as **Exhibit M** and incorporated herein by this reference. Monthly reports were acknowledged, copies of which are attached hereto as **Exhibit N** and incorporated herein by this reference.

**Electric Vehicles** – In response to a question, Ms. Brooks gave details on the two Nissan LEAF electric vehicles the District purchased through the local “Rev your Ride” program. The vehicles are purely electric and have a range of over 100 miles when fully charged; the cars will mainly be
used for shorter trips within the District and Authority service area. The District also received a state grant to install a vehicle charging station at its Vail administrative office.

CIS Infinity 10-Year Look Back – Mr. McCaulley and Ms. Jones reviewed the investment in the Customer Service Information (CIS) Infinity software and its many benefits for customers and staff. The software’s ability to integrate with other systems has improved the customer experience, created efficiencies, and saved time and money. Such benefits included online bill payment and e-billing for customers ($18,000/year in savings); the ability to track historical data, customer communications, and other customer account-related information; and implementation of a successful uniformity program (~$500,000/year in positive financial impact). A copy of the presentation is attached hereto as Exhibit O and incorporated herein by this reference.

Mr. McCaulley and Ms. Jones left the meeting at 1:00 p.m.

FINANCE REPORT

Mr. Wilkins presented the finance report, a copy of which is attached hereto as Exhibit P and incorporated herein by this reference. He noted District and Authority water sales were again below projections. In Vail, this can likely be attributed to the unavailability of rooms at two major hotels undergoing renovations. He said District wastewater base rate collections were above projections and expects increased collection of such fees as spring construction continues. In response to a question, Mr. Wilkins clarified that the District’s wastewater fund is separate from the District’s Vail water fund. He also noted inclusion of two new graphs that show a summary of revenues and expenditures.

OPERATIONS REPORT

The operations report was presented, a copy of which is attached hereto as Exhibit Q and incorporated herein by this reference.

Eagle Park Reservoir Water Quality Report – In response to a question, Mr. Tracy noted levels of arsenic in 2015 samples were high; the 2016 samples showed those levels return to normal. He said arsenic is a naturally occurring contaminant and levels in the reservoir will continue to be carefully monitored.

ENGINEERING REPORT

Mr. Cowles discussed the engineering report, a copy of which is attached hereto as Exhibit R and incorporated herein by this reference.

COMMUNICATION AND PUBLIC AFFAIRS REPORT

Ms. Johnson noted she did not include a written report in packets.

Local and Regional Snowpack Update – Ms. Johnson updated on area snowpack and specifically the Vail SNOTEL monitoring site, which peaked earlier than normal but achieved almost 90% of average snowpack for the site. The site conditions also changed in past years, with more sunlight and exposure than the site historically saw. In regional news, Ms. Johnson
said Lake Powell will release 9 million acre feet of water to Lake Mead this year, staving off a shortage for the lower basin states for at least another year. In response to a question, Ms. Johnson clarified that the phenomenon of dust on snow increases the speed of snow melting and runoff.

**GENERAL COUNSEL REPORT**

**Sewer Easement Exchange and Reconstruction** – Mr. Collins discussed an agreement between the District and Gore Creek Properties, LLC, to split one lot into two in Vail. This requires some realignment of existing utility easements and some sewer main realignment. Upon finalization, Ms. Brooks will execute the agreement on the District’s behalf.

**WATER COUNSEL REPORT**

**Support for Denver Water’s Gross Reservoir/Moffat Project** – Mr. Porzak discussed a letter from the Eagle Park Reservoir Company sent to the Federal Energy Regulatory Commission in support of Denver Water’s Gross Reservoir Expansion and Hydroelectric Project, and the Moffat Collection System Project. A copy of the letter is attached hereto as Exhibit S and incorporated herein by this reference. Mr. Porzak said Denver Water appreciated the support from EPRC.

**St. Jude’s Recreation Water Bill** – Mr. Porzak updated on the bill, which passed the House and Senate, though the Senate requested changes, which now means the bill will go back to the House for final approval. The current iteration of the bill still protects and preserves existing absolute and conditional water rights decreed before the St. Jude’s decision. Related information is attached hereto as Exhibit T and incorporated herein by this reference.

**Eagle Park Reservoir Acquisition** – Mr. Porzak reported that Eagle County no longer wishes to sell its Eagle Park Reservoir Company shares and wants to retain its water rights for future housing projects. He said further discussion would take place at the EPRC meeting later in the day.

Mr. Collins left the meeting at 1:40 p.m.

**EXECUTIVE SESSION**

Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding the Eagle River MOU matters and 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 1:47 p.m. to discuss attorney-client privileged issues concerning the Eagle River MOU matters and 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.*

At 2:20 p.m., prior to the discussion of CRCA matters, all remaining staff left the room, with the exception of Ms. Brooks and Ms. Johnson. The regular meeting resumed at 2:33 p.m.
ADJOURNMENT
There being no further business to come before the Board, the meeting adjourned at 2:33 p.m.

Respectfully submitted,

__________________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

__________________________________________
Tom Allender, Treasurer

__________________________________________
Bob Armour, Director

__________________________________________
Steve Coyer, Director

__________________________________________
Stephen Friedman, Vice Chair

__________________________________________
George Gregory, Secretary

__________________________________________
Frederick P. Sackbauer IV, President/Chair

__________________________________________
Bill Simmons, 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.

__________________________________________
Glenn Porzak, Water Counsel