A Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held June 22, 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 Friedman
4. George Gregory
5. Frederick P. Sackbauer IV

The following Directors were absent and excused:

7. Steve Coyer
8. Bill Simmons

Also in attendance were:

10. District Staff
11. Linn Brooks
12. Jason Cowles
13. Carol Dickman
14. Catherine Hayes
15. Debbie Hoffman
16. John McCaulley
17. Glen Phelps
18. Amy Schweig
19. Brian Tracy
20. Pam Wegener
21. James Wilkins
22. Consultants
23. Glenn Porzak, Porzak Browning & Bushong LLP
24. Kathryn Winn, Collins Cockrel & Cole

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 Gregory called the meeting to order at 11:30 a.m.

INTRODUCTIONS

Mr. McCaulley introduced Customer Service intern Ms. Wegener, who is assisting with water demand management for the summer. Chair Sackbauer entered the meeting at 11:33 a.m.

STRATEGY

Board Member Input – Chair Sackbauer thanked Mr. Wilkins for his innovative idea for potential additional housing units. Staff and the board will further explore this in the coming months.

Integrated Project Delivery Overview – Mr. Schneider discussed recent board resolutions by which staff requested approval for use of integrated project delivery (IPD) methods rather than a traditional design-bid-build (DBB) methodology. The engineering department wished to give the board additional information regarding IPD; a related memo is attached hereto as Exhibit A and incorporated herein by this reference. Mr. Schneider gave an overview of construction law; various methods of project delivery; and a matrix by which each delivery method can be rated in.
response to the different aspects of a project. A sample matrix is attached hereto as Exhibit B and incorporated herein by this reference. Ms. Hoffman discussed possible benefits of IPD, including reducing risk, increasing transparency and collaboration, and potential cost savings. She referenced the 2015 Mountain Star tank project, which successfully utilized IPD and came in on time and under budget, allowing a refund to the Mountain Star residents of more than $300,000. In a traditional DBB scenario, the savings would have remained with the contractor.

Mr. Schneider and Ms. Hoffman discussed current projects, noting that a majority were being executed as DBB projects, as this was still the best fit for many projects. They also reminded the directors that the board must approve IPD each time it is proposed, so there will continue to be opportunities for board input and questions. Discussion ensued regarding the possibility of having a contractor on staff; staff’s ongoing desire to keep the competitive nature of the bid process while getting the best value for the District, regardless of the delivery method; and in the future, inclusion of estimated cost savings when using IPD if feasible. The board thanked them for their presentation, a copy of which is attached hereto as Exhibit C and incorporated herein by this reference.

The Board took a recess for lunch at 12:23 p.m. The meeting resumed at 12:45 p.m.

**ACTION ITEMS**

**Consideration of Minutes** – The minutes of the regular meeting of May 25, 2017, were considered. Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the May 25, 2017, regular meeting be accepted and hereby are approved as presented.

**Resolution for Integrated Project Delivery: Radio and Telemetry System Upgrade** – Ms. Hoffman referenced her request and resolution, copies of which are attached hereto as Exhibits D and E, respectively, and incorporated herein by this reference. She noted the multidepartment interest in this project, along with a high level of coordination and scheduling for shutdowns. Ms. Brooks clarified that the project will standardize the Authority and District’s radio system to enable more in-house programming and maintenance and increase safety and security. The project is expected to finish by Nov. 1. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the Resolution Authorizing Integrated Project Delivery for the Radio and Telemetry System Upgrade be and hereby is approved as presented.

**Resolution for Integrated Project Delivery: Lift Station #4 Improvements Project** – The board considered a request and resolution regarding the needed improvements at Lift Station #4, copies of which are attached hereto as Exhibits F and G, respectively, and incorporated herein by this reference. Discussion ensued regarding the age and size of the lift station, as well as potential future expansion of the facility to meet projected demands if the Battle Mountain development is realized. After discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that the Resolution Authorizing Integrated Project Delivery for the Lift Station #4 Improvements Project be and hereby is approved as presented.

Lease Agreement with Eagle County – Ms. Winn discussed the lease agreement between the District and Eagle County, which grants the County use of District-owned property west of the Edwards Wastewater Treatment Facility as a park and ride area. A copy of the lease is attached hereto as Exhibit H and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the Lease Agreement with Eagle County 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 I and incorporated herein by this reference.

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 J and incorporated herein by this reference. She also noted the inclusion of a Water Demand Management Update from Ms. Egan, a copy of which is attached hereto as Exhibit K and incorporated herein by this reference.

Homestake Creek Homeowners Picnic – Ms. Brooks reported that she and Diane Johnson would attend the July 1 upcoming picnic as a meet and greet opportunity with the homeowners. Homeowners are interested in Authority and District activities in the area, including Eagle River MOU project evaluation and Camp Hale wetlands restoration efforts.

Eagle Park Reservoir Company Update – Ms. Brooks noted the EPRC annual shareholders meeting and a board of directors meeting would be held later today. During the meetings, the FY 2018 budget would be considered, in addition to the 2018 Operations Agreement with the District.

Stillwater PUD Update – Ms. Brooks said a meeting was held with the Stillwater architect yesterday. The site layout changed slightly due to the site grade, but this added variety to the development, which is a favorable outcome. Renderings were available for review as well.

FINANCE REPORT

Mr. Wilkins presented the monthly finance report, a copy of which is attached hereto as Exhibit L and incorporated herein by this reference. He noted water sales for both the District and Authority were tracking close to projections, though two large hotels in Vail remain offline for upgrades, which had been expected to finish prior to now. Revenue and expenses are on track as well, with the exception of bond payments, which only occur twice yearly and thus skew the numbers until payment is made. Mr. Wilkins updated on various development projects, including Chamonix, for which development fees have not yet been paid. The Vail Marriott is expected to come online in 2018; staff is researching whether additional fees will be required because of added density for that development.
OPERATIONS REPORT

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

ENGINEERING REPORT

Mr. Cowles noted he did not include a written report in packets.

Lodge at Vail Storm Drains – Mr. Cowles updated on the matter, referencing the disagreement between the co-owners, Vail Resorts and the Lodge Apartments and Condo Association (LACA), over which entity should pay for damage resulting from deferred roof maintenance. Until the matter is settled, LACA will not consent to restrict the flow to the roof drains, which was the agreed-upon short-term solution to prevent infiltration of the Vail Wastewater Treatment Facility during large rain events. Per last month’s discussion, both Vail Resorts and LACA were given an Aug. 15 deadline for installation of the roof drains, after which daily penalty use fines will be levied per the District’s Rules and Regulations, of which both parties are in violation.

Gold Peak Expansion – Mr. Cowles updated the Board on a meeting with Vail Resorts representatives regarding the proposed Gold Peak expansion and snowmaking water. An agreement is already in place with Vail Resorts for its current snowmaking operation at Gold Peak; however, the delivery method is via pump station, and only a fixed flow rate can be delivered. Mr. Cowles confirmed that water is available for additional snowmaking, but the ability to make that snow is limited by how much water can be physically delivered. Alternate delivery methods may need to be researched by Vail Resorts depending on its timeline for the additional snow. Also, the current agreement states that the water delivery can be terminated at any time by the District.

Eagle River MOU Alternatives and Boring Permit – Mr. Cowles discussed an application for a boring permit that was submitted to the Forest Service in relation to the Whitney Creek Reservoir alternative. Discussion ensued regarding the environmental impacts and lengthy permitting process that would be required for any projects in the Homestake area, and whether a project there was even feasible. Ms. Brooks noted that any ERMOU project that is selected for implementation would have to include an alternatives analysis that clearly shows other options, such as the Whitney Creek Reservoir, were not the best option.

COMMUNICATION AND PUBLIC AFFAIRS REPORT

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

Consumer Confidence Reports – In response to a question, Mr. Tracy said the Authority’s violation was a Tier 3, administrative violation related to three missed raw water intake samples. This is the least stringent type of violation and no public notification was required, as no public health risk was posed. Such violations must be reported in the Consumer Confidence Report,
which is a required annual communication to customers from their water provider regarding the
good quality of local drinking water.

GENERAL COUNSEL REPORT

Hahnewald Barn – In response to a question, Ms. Brooks said the town of Avon received
notification that the Hahnewald Barn, which is located on the District’s Avon WWTF property,
must be moved by Spring 2018 or it will be removed by the District, as this land will be needed at
that time for expansion per the updated Wastewater Master Plan. Discussion ensued regarding
notifying public and especially interested stakeholders about this timeline at an upcoming Avon
Town Council meeting. In response to another question, Ms. Brooks said the rancher who
originally wanted to move the barn to his private property was unable to do this, but offered to
share his knowledge of the process with the Barn stakeholders group.

WATER COUNSEL REPORT

Federal Water Rights Protection Act – Mr. Porzak said Rep. Tipton recently reintroduced the
Federal Water Rights Protection Act. Related information is attached hereto as Exhibit O and
incorporated herein by this reference. It is similar to the previous iteration of the bill, but it includes
additional language that would further protect private water rights from unauthorized and
uncompensated takings. This would include preventing the Forest Service from conditioning
special use permits on the title transfer of water rights, or terms that would restrict the amount of
the decreed water right.

Recreational Water Rights – Chair Sackbauer referenced his recent Vail Daily editorial, a copy
of which is attached hereto as Exhibit P and incorporated herein by this reference. He
highlighted the importance of recreational water rights that make possible events like the recent
Go Pro Games.

Ms. Hoffman, Mr. Schneider, and Ms. Wegener left the meeting at 1:30 p.m.

EXECUTIVE SESSION

Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding Eagle River MOU
matters, Bolts Lake, 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 1:31 p.m. to discuss attorney-client privileged
issues concerning Eagle River MOU matters, Bolts Lake, 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 2:00 p.m., prior to the discussion of CRCA matters, all remaining staff left the room, with the exception of
Ms. Brooks. The regular meeting resumed at 2:20 p.m.
ADJOURNMENT
There being no further business to come before the Board, the meeting adjourned at 2:21 p.m.

Respectfully submitted,

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Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND NOTICE OF MEETING WAIVED

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Tom Allender, Treasurer

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Bob Armour, Director

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Steve Coyer, Director

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Stephen Friedman, Vice Chair

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George Gregory, Secretary

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Frederick P. Sackbauer IV, President/Chair

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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.

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Glenn Porzak, Water Counsel