A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was held July 27, 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
  - Carol Dickman
  - Catherine Hayes
  - Diane Johnson
  - Nicole Lasseter
  - John McCaulley
  - Jeff Schneider
  - Amy Schweig
- Consultants
  - Jim Collins, Collins Cockrel & Cole
  - Glenn Porzak, Porzak Browning & Bushong LLP
- Public
  - Mike Reisinger, Berry Creek Metropolitan District
  - Kim Bell Williams, EagleVail Metropolitan District
- Consultants
  - Jim Collins, Collins Cockrel & Cole
  - Glenn Porzak, Porzak Browning & Bushong LLP
- Public
  - Mike Reisinger, Berry Creek Metropolitan District
  - Kim Bell Williams, EagleVail 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.

INTRODUCTIONS

Mr. McCaulley introduced Ms. Lasseter, who is a Customer Service summer intern.

ACTION ITEMS

Consideration of Minutes – The minutes of the regular meeting of June 22, 2017, were considered.

Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the June 22, 2017, regular meeting be accepted and hereby are approved as presented.

FY 2016 Audited Financial Statements – Mr. Wilkins discussed the FY 2016 audit, which was performed by McMahan and Associates. A related board action request, copy of the audit, and materials from the auditors, are attached hereto as Exhibits A, B, and C, respectively, and incorporated herein by this reference. Mr. Wilkins also said the auditors suggested the following: minor procedural changes to
ensure sufficient checks and balances due to the small size of the finance department; and completion of
an arbitrage study within the calendar year. The audit committee, Chair Gregory and Treasurer Dreyer,
also discussed the audit, for which a clean opinion was issued. They recommended approval. Discussion
ensued regarding the board’s request to include a reference to and short summary of the Authority
Agreement, the Authority’s most current governing document. After discussion and upon motion duly
made and seconded, it was unanimously

**RESOLVED** that the receipt of the FY 2016 Audited Financial Statements be and hereby is
approved as amended, to include a reference to the Authority Agreement.

**STRATEGY**

**Upcoming Board, Subcommittee Vacancies** – Director Allender noted his EagleVail home was
under contract for sale; he expects September 28 to be his last Authority meeting. The Board
discussed the vacancies this would create on its various subcommittees and expects to address
this at its August meeting.

**Water Fluency Class Completion** – Ms. Williams noted Secretary Hymes had recently
completed the Colorado Foundation for Water Education’s Water Fluency Class and presented
her certificate of completion.

**GENERAL MANAGER REPORT**

Ms. Brooks discussed her report, a copy of which is attached hereto as Exhibit D, and incorporated
herein by this reference. Monthly reports were acknowledged, copies of which are attached hereto as
Exhibit E and incorporated herein by this reference.

**Clean Water Rule Editorial** – Ms. Brooks discussed a recent Denver Post editorial (published
online only) by Colorado Water Congress director Doug Kemper, a copy of which is attached
hereto as Exhibit F and incorporated herein by this reference. Mr. Kemper discusses the Trump
administration’s proposed reform of the Clean Water Rule of 2015. The Authority and District will
write a follow-up editorial to be published locally and using local examples of how the rule would
have included dry gulches and “waterways,” the regulation of which would have little to no benefit
to water quality in local rivers. Mr. Kemper’s editorial generally supported the upcoming process.

**New Customer Service Portal Testing** – Ms. Brooks discussed a memo from Maureen Egan,
water demand management coordinator, a copy of which is attached hereto as Exhibit G and
incorporated herein by this reference. Ms. Brooks requested board volunteers to test the new AMI
“smart meter” portal that customer service is currently testing. Users can sign up for the portal
and see water use in real time, among other benefits of the technology.

**FINANCE REPORT**

Mr. Wilkins presented the monthly finance report, a copy of which is attached hereto as Exhibit H and
incorporated herein by this reference. He noted water sales for both the Authority and District continue to
trend below the five-year average, despite a semi-dry summer. He also said two large hotels in Vail remain offline for upgrades, which had been expected to finish prior to now. Mr. Wilkins discussed continued staff efforts to reduce rollovers, though the Authority’s current spending is behind projections due to capital project lag times. The Authority also continues to collect development fee revenues.

OPERATIONS REPORT

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

Water Service Issues in Miller Ranch, Homestead – Mr. Tracy and Mr. McCaulley discussed issues the previous night with discolored water (one instance in Miller Ranch) and low pressure or no water (various residences in the Homestead area). Staff investigated and believes a pressure reducing valve for the Homestead Tank failed. Staff continued work on the issue this morning, and all customers now have water service and no discoloration. Mr. McCaulley emphasized the water is safe to drink.

ENGINEERING REPORT

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

Workforce Housing Water Demands – Mr. Cowles discussed his report, and specifically the chart regarding workforce housing water demands. The chart considers the current water demand calculations for indoor and outdoor usage at multifamily units, as well as a modified, lower-demand calculation based on observed indoor demands of workforce housing units and efficient outdoor irrigation application rates recommended by Leonard Rice Engineers. Discussion ensued, and Mr. Cowles stated that staff would present more information on outdoor irrigation application rates at the August meeting.

Sonoran Institute Workshop at Keystone – Mr. Cowles reported a grant was awarded to send a local contingent to a September workshop at Keystone on Growing Water Smart. The group will include representatives from local land use authorities, including the town of Avon and Eagle County. The goal is to collaboratively work with this group towards a unified model of land use planning and approvals that considers water demand as a key element.

COMMUNICATION AND PUBLIC AFFAIRS REPORT

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

Colorado Water Plan – Ms. Johnson discussed a recent Colorado Basin Roundtable meeting, which was attended by the newly appointed Colorado Water Conservation Board director, Becky Mitchell. She said Becky had been the CWCB’s water supply planning section chief for several years and played a key role in developing Colorado’s Water Plan, which she is now tasked with
implementing. The CWCB recently established a new grant program and allocated $9 million to fund implementation projects, in addition to funds already available through the Basin Roundtables, in an effort to make progress on the critical actions identified in the Water Plan. Ms. Johnson relayed that Becky offered to meet with Authority and District representatives; directors and counsel agreed, so Ms. Johnson will follow up.

GENERAL COUNSEL REPORT

Notice to Cordillera Upper Lots re Water Service – Mr. Collins presented a notice of no commitment to provide domestic water service to certain residences in Cordillera, a copy of which is attached hereto as Exhibit L and incorporated herein by this reference. The notice memorializes that no commitment was ever made to provide service to certain Cordillera lots. The Authority does provide water for fireflow to a hydrant at the furthest reach of the area, but because of the physical location of the system there, cannot meet the stringent drinking water quality regulations. The lot owners were aware of this at the time of purchase. The board suggested an amendment to the notice to explicitly disallow use of Authority water there for irrigation as well. The board unanimously approved the notice as amended. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the Notice of Inability to Provide Domestic Water Service to certain Cordillera lots be and hereby is approved as amended.

WATER COUNSEL REPORT

Mr. Porzak noted all of his items would be discussed in Executive Session.

Ms. Lasseter and Mr. Schneider left the meeting at 9:22 a.m.

EXECUTIVE SESSION

Mr. Collins requested the Board enter into Executive Session to receive legal advice regarding Traer Creek, 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 9:23 a.m. to discuss attorney-client privileged issues concerning Traer Creek, 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.*

Mr. Porzak requested the Board continue 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 continue Executive Session at 9:45 a.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 10:50 a.m., before the discussion of CRCA matters, Mr. Collins and all remaining staff left the room, with the exception of Ms. Brooks and Ms. Johnson.

The regular meeting resumed at 10:59 a.m.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 11:13 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    Glenn Porzak, Water Counsel