A Special Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held August 14, 2017, at 2:00 p.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. Bob Armour
2. Steve Coyer
3. George Gregory
4. Frederick P. Sackbauer IV
5. Bill Simmons

The following Directors were absent and excused:

6. Tom Allender
7. Steve Friedman

Also in attendance were:

8. District Staff
9. Linn Brooks
10. Catherine Hayes
11. James Wilkins
12. District Staff
13. District Staff
14. District Staff
15. District Staff
16. District Staff
17. Consultants
18. Tim Carpenter, R.A. Nelson
19. Todd Goulding, Goulding Development Associates
20. Ryan LeVire, R.A. Nelson
21. Leah Mayer, LKSM Design
22. Rick Pylman, Pylman Associates
23. Leah Mayer, LKSM Design

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

Chair Sackbauer called the meeting to order at 2:02 p.m.

INTRODUCTIONS

Consultants were introduced to the Board, including Mr. Pylman (entitlements), Ms. Mayer (architect), Mr. Goulding (construction manager), and Messrs. Carpenter and LeVire of R.A. Nelson and Associates (construction manager at risk).

STILLWATER DEVELOPMENT DISCUSSION

History – Ms. Brooks gave a brief history of the development. The four Haselhorst properties were acquired by the District in 2007 for $2 million. At that time, the sites were anticipated for future wastewater treatment facilities expansion. In the interim, the existing homes were offered as employee housing rental units. In recent years, short-term rentals have inundated the local housing market, making it challenging to recruit and retain skilled employees, as housing is scarce and expensive. Staff and the Board determined the timing was right to redevelop the parcels, and the Board authorized staff to move forward with design and permitting.
Stillwater Development Progress – Mr. Goulding presented a PowerPoint regarding progress to date and items requiring board input, including the design process, schedule, existing conditions, development options, development costs, market data, and financing. A copy of the presentation is attached hereto as Exhibit A and incorporated herein by this reference. Discussion ensued regarding the merits and pitfalls of the current proposal as well as the other design options.

Mr. Wilkins also discussed District revenue generated from current rental properties, as well as maintenance and property management needs, which are currently handled internally. The addition of the Stillwater units may require additional staffing for such duties, though the Board acknowledged that new construction units would likely require less time and effort to maintain.

Mr. Wilkins also discussed the cost estimates, financing options, and the current reserves of the District. A copy of these figures is attached hereto as Exhibit B and incorporated herein by this reference. Financing options included bonding, the use of reserved bond funds, the use of unrestricted funds, or some combination thereof. There is also the option of using funds generated from current District rental units and deed-restricted sales to employees.

Discussion ensued regarding the District’s provision of a critical service to the local area and the need to attract and retain skilled employees. Board members expressed support for moving forward with the current option to build 21 units of various sizes and types. Though free market units exist at a lower price point per square foot, such units are older, would likely require more maintenance and additional input of funds to make the units as desirable as new construction ones. Ms. Brooks also shared comments from Treasurer Allender and Vice Chair Friedman, who could not attend the meeting. Treasurer Allender said the construction prices seem in line with the cost of other developments in the area and would support the decision of the Board. Vice Chair Friedman had a variety of questions related to the program, the location of long-term housing in the service area, ensuring the desirability of all District housing units, and the potential future evolution of the program. After discussion, the Board supported moving forward with the Stillwater development as currently proposed, with 21 units at an estimated cost of $14 million.

At 3:30 p.m. all consultants and Ms. Hayes left the meeting.

EXECUTIVE SESSION
The Board entered Executive Session to discuss housing policy, pursuant to §24-6-402(4)(e) C.R.S. Upon motion duly made and seconded, it was unanimously RESOLVED to enter executive session at 3:31 p.m. to discuss housing policy, pursuant to §24-6-402((e) C.R.S.

The regular meeting resumed at 4:34 p.m.
After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED to approve a housing stipend of $300 per month as an additional employee
housing program option.

The additional option allows all employees to participate in the employee housing program. The Board
and Ms. Brooks agreed that this is critical to recruiting and retaining the talented and committed
employees needed to sustain the high quality and reliability of water and wastewater service to the
community. The stipend addition provides an option for employees who choose to meet their housing
needs in the free market.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 4:35 p.m.

Respectfully submitted,

________________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

________________________________________
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