A Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held November 16, 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. Steve Coyer
2. George Gregory
3. Frederick P. Sackbauer IV, via phone
4. Bill Simmons
5. Brian Sipes

The following Directors were absent and excused:

6. Bob Armour
7. Steve Friedman

Also in attendance were:

8. District Staff
9. Tug Birk
10. Linn Brooks
11. Jason Cowles
12. Carol Dickman
13. Catherine Hayes
14. Diane Johnson
15. Mark Mantua
16. Siri Roman
17. Jeff Schneider
18. Amy Schweig
19. Jason Sica
20. Dylan Smith

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:

1. Directors Allender and Gregory disclosed that they also serve on the Board of the Upper Eagle Regional Water Authority (Authority).
2. 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

The Board welcomed Mr. Datsko, as well as guests attending on behalf of the Bighorn Terrace subdistricts. Additionally, Mr. Heroux, special bond counsel, was introduced, as well as employees Mr. Smith from wastewater and Mr. Mantua, the District’s new CIP manager.

ACTION ITEMS

Consideration of Minutes – The minutes of the special meeting of October 26, 2017, were considered.

Upon motion duly made and seconded, it was unanimously
RESOLVED that the minutes of the October 26, 2017, special meeting be accepted and hereby are approved as presented.

The minutes of the joint special meeting of October 26, 2017, with the Upper Eagle Regional Water Authority and Eagle Park Reservoir Company were considered. Upon motion duly made and seconded, it was unanimously

RESOLVED that the minutes of the October 26, 2017, joint special meeting with the Upper Eagle Regional Water Authority and Eagle Park Reservoir Company be accepted and hereby are approved as presented.

Stillwater Parcels: Inclusion – Mr. Birk discussed the request for inclusion and presented a board action request and related information, copies of which are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference. He clarified that the properties would be included for wastewater only, as water service is already provided by Edwards Metropolitan District through the Authority. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the resolution for inclusion of the Stillwater Parcels be and hereby is approved as presented.

Mr. Birk left the meeting at 11:35 a.m.

Certification of Delinquent Accounts – Mr. Wilkins discussed the board action request and resolution regarding delinquent accounts, copies of which are attached hereto as Exhibits C and D, respectively, and incorporated herein by this reference. Such delinquent accounts are annually certified to the County Treasurer for collection. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the resolution to certify delinquent accounts to the County Treasurer be and hereby is approved as presented.

PUBLIC HEARING: 2018 PROPOSED RATES
Acting Chair Gregory opened a public hearing at 11:40 a.m. to discuss the 2018 rate sheet, a copy of which is attached hereto as Exhibit E and incorporated herein by this reference. A call for public input solicited no response. Mr. Collins noted the District 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 F and incorporated herein by this reference. The public hearing was closed at 11:42 a.m. Mr. Wilkins presented a resolution to adopt the 2018 rates, a copy of which is attached hereto as Exhibit G and incorporated herein by this reference. Upon motion duly made and seconded, it was unanimously

RESOLVED that resolution to adopt the 2018 rates be and hereby is approved as presented.

PUBLIC HEARING: 2017 PROPOSED BUDGET
Acting Chair Gregory opened a public hearing at 11:43 a.m. to discuss the 2018 budget, a copy of which is attached hereto as Exhibit H and incorporated herein by this reference. A call for public input solicited no response. The public hearing was closed at 11:45 a.m. Mr. Wilkins presented Resolutions to Adopt the
2018 Budget, Appropriate Sums of Money, and Certify Mill Levies, copies of which are attached hereto as Exhibits I, J, and K, 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 2018 Budget, Appropriate Sums of Money, and Certify Mill Levies be and hereby are approved as presented.

The 2018 rates for service charges and tap fees are set as follows:

**Vail Water Service Rates:**

<table>
<thead>
<tr>
<th>Base Rate</th>
<th>Monthly per Single Family Equivalent (SFE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15.28</td>
<td>Base Service Rate, no increase</td>
</tr>
<tr>
<td>$ 5.36</td>
<td>Capital Replacement Base Rate, no increase</td>
</tr>
<tr>
<td>$ 7.10</td>
<td>Debt Service Base Rate (decrease from $7.23)</td>
</tr>
</tbody>
</table>

**Water Usage per 1,000 Gallons**

<table>
<thead>
<tr>
<th>Beginning of Tier (1,000 gallons)</th>
<th>Tier Cutoff (1,000 gallons)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>9</td>
<td>$2.58 per 1,000 gallons</td>
</tr>
<tr>
<td>10</td>
<td>40</td>
<td>$4.51 per 1,000 gallons</td>
</tr>
<tr>
<td>41</td>
<td>Over</td>
<td>$7.89 per 1,000 gallons</td>
</tr>
</tbody>
</table>

**Wastewater Service Fees:**

$5.06 per 1,000 gallons of water used based on average monthly use from January to April, with a minimum of 5,000 gallons per SFE per month. The average water usage for January to April will be used to calculate the wastewater charges for May to December. In addition, a $9.11 base rate per SFE is assessed for debt service on the 2009 and 2012 Bonds. Usage rates are the same as the 2017 levels, and there is a $0.06 decrease per SFE to the Debt Service base rate.

**Vail Water Tap Fees:**

$4.72 per square foot for residential properties and 3% increase in the commercial fees, which are based on meter size. A 3% increase over 2017.

**Wastewater Tap Fees:**

$3.75 per square foot for residential properties and 3% increase in the commercial fees, which are based on fixture count and meter flow. A 3% increase over 2017.

**Property Tax mill levies for taxes to be collected in 2016:**

<table>
<thead>
<tr>
<th></th>
<th>11/16/2017 Net AV</th>
<th>Mill</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERWSD – Wastewater Ops.</td>
<td>$2,343,905,650</td>
<td>0.232</td>
<td>$544,813</td>
</tr>
<tr>
<td>ERWSD – Vail Water Ops.</td>
<td>$1,094,186,430</td>
<td>0.438</td>
<td>$480,100</td>
</tr>
<tr>
<td>ERWSD – Wastewater Debt</td>
<td>$2,343,905,650</td>
<td>0.585</td>
<td>$1,371,133</td>
</tr>
<tr>
<td>ERWSD – Vail Water Debt</td>
<td>$1,094,186,430</td>
<td>0.858</td>
<td>$938,800</td>
</tr>
</tbody>
</table>

Mill levies and/or revenues are adjusted once the final Assessed Valuation is received and TABOR limits are reviewed.
Parameters Resolution for Crossover Bond Refunding for 2009 Wastewater Build America Bonds

(BABs) – Mr. Wilkins and Mr. Heroux discussed the parameters resolution for the refunding of the 2009 BABs, a copy of which is attached hereto as Exhibit L and incorporated herein by this reference. Mr. Heroux explained the expedited timing of the refunding, as there is the possibility of new tax law precluding such a crossover refunding in the future. At current market conditions, Mr. Heroux estimated a possible savings of $2-3 million over the life of the bonds. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the parameters resolution be and hereby is approved as presented; and

FURTHER RESOLVED that the resolution to adopt the bond debt service base rate 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 L and incorporated herein by this reference.

Bighorn Terrace Subdistricts – Mr. Collins discussed the memo and related material from Mr. Cowles regarding the subdistricts, copies of which are attached hereto as Exhibit M and incorporated herein by this reference. The water and sewer mains in the Bighorn neighborhood in East Vail need to be replaced before the District would accept them into its boundaries, which is the ultimate goal of the homeowners in the area. Mr. Collins noted the creation of separate water and sewer subdistricts is likely the most efficient way to accomplish this. Discussion ensued regarding financing the needed upgrades; attendees on behalf of Bighorn Terrace indicated the majority of the community favors a fee-based financing method, which would be in addition to service charges for those customers, for a period of time until the cost of the infrastructure replacement is paid off. The Board requested a mini petition of the homeowners showing support for the subdistrict plan. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the resolution calling for a public hearing on the Bighorn Terrace Sanitation subdistrict and Bighorn Terrace Water subdistrict for the Dec. 14, 2017, board meeting.

All Bighorn Terrace representatives left the meeting at 12:00 p.m.

A copy of the resolution is attached hereto as Exhibit N and incorporated herein by this reference.

STRATEGY ITEMS

Board Appointments – The board discussed former Director Allender’s recent resignation, which left a vacancy for Treasurer. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that Director Coyer serve as Treasurer.

GENERAL MANAGER REPORT

Ms. Brooks presented her report, a copy of which is attached hereto as Exhibit O and incorporated herein by this reference. The monthly reports were also acknowledged, copies of which are attached hereto as Exhibit P and incorporated herein by this reference.
Employee Recognition – The Board approved an annual holiday bonus for employees in recognition of their efforts throughout the year.

Hahnewald Barn Update – Ms. Brooks noted the town of Avon may put a funding question on the November 2018 ballot, which would assist with financing the barn removal and reconstruction. Avon could save considerable funds that would otherwise be spent on storage if the barn was not removed until 2019; Ms. Roman confirmed that the recent wastewater master plan update indicated that waiting until 2019 would be feasible. The Board agreed, but requested a letter of intent from the town of Avon that the barn would be removed no later than spring 2019.

Board Member User Account Implementation – Mr. Sica discussed his memo regarding implementation of user accounts and email addresses for board members, a copy of which is attached hereto as Exhibit Q and incorporated herein by this reference. There are many benefits, including increased security of communications and access to the video conferencing upgrades planned for December. Mr. Sica requested board members bring personal devices to the December meeting, at which time IT staff will connect the devices to the District network, offer hands-on demonstrations, and answer any questions.

FINANCE REPORT

Mr. Wilkins presented the monthly finance report, a copy of which is attached hereto as Exhibit R and incorporated herein by this reference. He noted the summer water sales did not follow any of the five-year trends, though the reason is unclear. Water sales to date are already higher than the 2017 total projections. Mr. Wilkins also discussed the quarterly financial report, a copy of which is attached hereto as Exhibit S and incorporated herein by this reference. Year-end revenues are expected to be above projections, in addition to below-average expenditures, which are partially responsible for not raising 2018 customer rates.

OPERATIONS REPORT

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

ENGINEERING REPORT

Ms. Brooks presented Mr. Cowles’ report, a copy of which is attached hereto as Exhibit U and incorporated herein by this reference.

PUBLIC AFFAIRS REPORT

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

Presentation at Water Education Colorado Event – Ms. Johnson discussed her attendance at a recent event sponsored by Water Education Colorado (formerly Colorado Foundation for Water Education). She discussed regionalization and the Authority and District’s collaborative efforts to
address regional water issues, as the efficiencies and safety of such partnerships are being
looked at more closely on the Front Range, in part due to recent water quality concerns. Ms.
Johnson also noted Ms. Brooks was discussing regionalization at a local Vail Symposium event
later this evening.

Personnel Changes Statewide – Ms. Johnson reported on staffing changes at various
organizations of interest to the Authority and District. These include the appointment of
Steamboat-native Dylan Roberts to fill the remainder of Rep. Diane Mitsch Bush’s term and Greg
Clifton, the new town of Vail manager. Ms. Johnson is working to schedule a meeting with Ms.
Brooks and Mr. Clifton to discuss the many interactions and collaborations between District and
town staff.

Colorado Springs’ Stormwater Fee – Ms. Johnson discussed Colorado Springs’ recent
successful ballot issue that will establish a dedicated monthly stormwater fee, which will finally
begin to fund 100s of millions of dollars of needed stormwater infrastructure in Colorado Springs
as the lack of it has negatively affected downstream communities

The board took a recess for lunch at 12:23 p.m. The regular meeting resumed at 12:47 p.m.

GENERAL COUNSEL REPORT

Bylaws Updates – Mr. Collins noted changes to the bylaws would be presented at an upcoming
meeting.

WATER COUNSEL REPORT

Minturn’s Lease for Eagle Park Reservoir Water – Mr. Porzak discussed a recent request from
Minturn for a one-year extension on its option to lease 50 acre feet of Eagle Park
Reservoir/Homestake water. A copy of the letter is attached hereto as Exhibit W and
incorporated herein by this reference. Discussion ensued regarding the pricing of the water,
which is based on the pricing of Colorado River District water. After discussion and upon motion
duly made and seconded, it was unanimously
RESOLVED to extend for one year, Minturn’s option to lease 50 acre feet of Eagle Park
Reservoir/Homestake water.

At 12:51 p.m., Ms. Hoffman, Mr. Mantua, Ms. Schweig, Mr. Smith, and Mr. Thompson left the meeting.

EXECUTIVE SESSION

Mr. Collins requested the Board enter Executive Session to receive legal advice regarding cybersecurity,
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 12:52 p.m. to discuss attorney-client privileged
issues concerning cybersecurity, 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 Park
Reservoir expansion, 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 1:15 p.m. to discuss attorney-client privileged
issues concerning Eagle Park Reservoir expansion, 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.*

The regular meeting resumed at 2:11 p.m.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 1:57 p.m.

Respectfully submitted,

__________________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

__________________________________________
Bob Armour, Director

__________________________________________
Steve Coyer, Treasurer

__________________________________________
Stephen Friedman, Vice Chair

__________________________________________
George Gregory, Secretary

__________________________________________
Frederick P. Sackbauer IV, President/Chair

__________________________________________
Bill Simmons, Director

__________________________________________
Brian Sipes, 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.

__________________________________________
James P. Collins, General Counsel

__________________________________________
Glenn Porzak, Water Counsel