A Regular Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held March 22, 2018, 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. Bob Armour  
2. Steve Coyer  
3. Steve Friedman  
4. George Gregory  
5. Frederick P. Sackbauer IV  
6. Bill Simmons  
7. Brian Sipes  

Also in attendance were:

9. District Staff  
10. Linn Brooks  
11. Carol Dickman  
12. Catherine Hayes  
13. Diane Johnson  
14. Elena Jones  
15. Melissa Marts  
16. John McCaulley  
17. Maureen Mulcahy  
18. Siri Roman  
19. Amy Schweig  
20. Chuck Webber  
21. James Wilkins  
22. Consultants  
23. Leah Mayer, LKSM Design  
24. Glenn Porzak, Porzak Browning & Bushong LLP  
25. Rick Pylman, Pylman & Associates  
26. Kathryn Winn, Collins Cockrel & Cole  
27. Public  
28. Cliff Thompson, IKS Consulting  
29. Dick Cleveland, board member elect  
30. Brian Tracy

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:

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 disclosed that he serves on the Boards of the Upper Eagle Regional Water Authority (Authority and 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 11:35 a.m.

INTRODUCTIONS

The Board welcomed Vail resident Mr. Cleveland, who will begin serving on the board in May as the director district 2 representative. It was noted that the May 8, 2018, election was cancelled as there were no more candidates than open seats. Additionally, a vacancy exists in director district 1, as no one self-nominated for that seat. Ms. Mayer and Mr. Goulding were also introduced; they would update the board on the Stillwater development later in the meeting.

ACTION ITEMS

Consideration of Minutes – The minutes of the regular meeting of February 22, 2018, were considered. Upon motion duly made and seconded, it was unanimously RESOLVED that the minutes of the February 22, 2018, regular meeting be accepted and hereby are approved as presented.
Stillwater Guaranteed Maximum Price (GMP) Resolution – Mr. Wilkins discussed documents related to the Stillwater employee housing development GMP resolution, including the Guaranteed Maximum Price amendment and various exhibits, copies of which are attached hereto as Exhibit A and incorporated herein by this reference. Ms. Mayer and Mr. Goulding discussed the project, pricing, and related items. In response to a question, Mr. Goulding confirmed that signing Exhibit A of the GMP amendment would not impact the schedule or the budget. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the Guarantee Maximum Price 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 B and incorporated herein by this reference.

The board took a short recess for lunch at 12:07 p.m., at which time Mr. Goulding and Ms. Mayer left the meeting. The regular meeting resumed at 12:35 p.m.

Intergovernmental Agreement with town of Vail re Bridge Road Sewer Relocation – Ms. Marts discussed the IGA with the town of Vail to split costs for relocation of the Bridge Road sanitary sewer main. Copies of the board action request and IGA are attached hereto as Exhibits C and D, respectively, and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the IGA with the town of Vail for the Bridge Road sanitary sewer relocation be and hereby is approved as presented.

Ms. Jones, Ms. Marts, and Mr. Webber left the meeting at 12:45 p.m.

STRATEGY ITEMS

Director District 1 Vacancy – The Board discussed the vacancy in director district 1, as Chair Sackbauer is term limited, and there were no candidates for that seat for the May 8 election, which was canceled. The board instructed staff to post notice of the vacancy, in accordance with recent practice for filing vacant seats. The board suggested accepting letters of interest until April 30, after which the organizational development committee (Directors Armour and Simmons) can interview the candidates and make a recommendation to the board in time for the May 24 board meeting.

Water Efficiency Plan – Ms. Mulcahy discussed her memo regarding the draft joint regional water efficiency plan for the District and Authority and presented related information, copies of which are attached hereto as Exhibit E and incorporated herein by this reference. The plan’s creation was partially funded by a Colorado Water Conservation Board (CWCB) grant. A water efficiency plan is now a statutory requirement for entities that sell over 2,000 acre feet of water annually, so both the District and Authority must comply with this statute. A regional plan (rather than separate plans for each entity) is expected to create opportunities to optimize water use, provide ease of updating the plan in seven years, and will present both entities favorably for future CWCB grant considerations. Ms. Mulcahy stressed that the plan empowers customers to
waste less water, rather than asking customers to use less water. Highlights from the draft plan included an observed decreased in water use per single family equivalent (SFE) during the study period (2008 – 2017), and an expected decrease in future demand per SFE based on plan suggestions. Discussion ensued regarding efforts to make the plan user-friendly; noted differences in water use by property based on location, lot-size, and other factors, which lend themselves to future water budgeting efforts; and current customizable resources based on customer needs. In response to a question, Ms. Mulcahy said that indoor and outdoor savings will be tracked as part of implementation of the plan; the plan only included a total past savings from prior conservation efforts, because it was difficult to distinguish between indoor and outdoor savings. Upon motion duly made and seconded, it was unanimously

RESOLVED that staff be and hereby is authorized to share the plan externally with stakeholders and customers to gather community input, with the requested amendments incorporated.

A copy of the draft plan is attached hereto as Exhibit F and incorporated herein by this reference. Ms. Mulcahy left the meeting at 1:25 p.m.

1987 Agreement between the District and Vail Resorts – Chair Sackbauer discussed the agreement, a copy of which is attached hereto as Exhibit G and incorporated herein by this reference. Mr. Porzak gave background on the agreement as it outlines the obligations of the District and limitations of use. The District agreed to provide an interruptible supply of a maximum of 603 acre feet of snowmaking water each season, as part of the Green Mountain Reservoir augmentation plan.

Board Member Input – Chair Sackbauer called for board member input, and there was none.

GENERAL MANAGER REPORT

Ms. Brooks presented the General Manager report, a copy of which is attached hereto as Exhibit H and incorporated herein by this reference. Monthly reports were acknowledged, copies of which are attached hereto as Exhibit I and incorporated herein by this reference.

New Staff Positions – Ms. Brooks discussed two board action requests regarding proposed positions in the Finance (rate analyst) and IT (helpdesk technician) departments, copies of which are attached hereto as Exhibits J and K, respectively, and incorporated herein by this reference. Ms. Brooks acknowledged these positions would normally be covered in the budget cycle; however, there is a need to staff these jobs now. Benefits of adding these positions immediately include less reliance on outside consultants and related monetary savings, building in-house expertise, and allowing current employees to concentrate more on core job functions rather than filling requests that the two new positions could handle. After discussion and upon motion duly made and seconded, it was unanimously
RESOLVED that the requests for a rate analyst and helpdesk technician be and hereby are approved as presented.

The board requested staff begin tracking savings of time and money and report back to the board in the coming months.

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

ENGINEERING REPORT
Mr. Cowles presented his report, a copy of which is attached hereto as Exhibit M and incorporated herein by this reference. In response to a question, Mr. Cowles noted he was asked by County staff to participate on an advisory committee for Eagle County’s rewrite of its land use regulations.

COMMUNICATION AND PUBLIC AFFAIRS REPORT
Ms. Johnson discussed her report, a copy of which is attached hereto as Exhibit N and incorporated herein by this reference.

Town of Vail’s “Lunch with the Locals” – Ms. Johnson discussed the town of Vail’s “Lunch with the Locals” program, which the District now co-sponsors, funding the filming of the monthly presentations to air locally on Channel 5; the videos are also available online on-demand. Presentation topics relate to the town’s Gore Creek action plan to improve water quality in the creek. District staff will present the draft regional water efficiency plan at an upcoming event.

Snowpack Conditions – Ms. Johnson discussed local snowpack conditions and distributed related information, copies of which are attached hereto as Exhibit O and incorporated herein by this reference. She said normal operations continue, though staff has reviewed the drought management plan that was compiled after the 2012 drought. Ms. Johnson discussed improvements to technology and increased staffing levels since 2012, which would help with any needed drought-related efforts for this year. In response to a question, Ms. Johnson said the Fermont Pass SNOTEL site was perhaps the most important indicator of snowpack because it gives a snapshot of conditions at higher altitude. Mr. McCaulley noted Customer Service staff was already talking to landscapers about using more native plants and planting less overall for the summer, based on projected conditions. He also discussed special use permits for new planting; there are very few repeat accounts that request such permits year after year. Ms. Brooks discussed the long-term forecast and said a lot could still happen to improve the water supply outlook for the spring and summer.

GENERAL COUNSEL REPORT
Letters to State Engineer re Well Locations – Ms. Winn discussed a letter from Jim Collins to the state engineer regarding the state’s publication of well locations, which presents security issues for the state’s
many drinking water suppliers. The Special District Association of Colorado and many other entities want to keep such information confidential, and legislation to that end may be introduced. A copy of the letter is attached hereto as Exhibit P and incorporated herein by this reference.

**WATER COUNSEL REPORT**

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

**Executive Session Invitation** – After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED to invite board member elect Cleveland, to join the Executive Session.

At 2:19 p.m. Mr. Thompson left the meeting.

**EXECUTIVE SESSION**

Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding CRCA matters, the CJC Properties change case, and Bolts Lake, 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 2:20 p.m. to discuss attorney-client privileged issues concerning CRCA matters, the CJC Properties change case and Bolts Lake, 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.*

Director Gregory left the meeting at 2:45 p.m.

Ms. Winn requested the Board continue Executive Session to receive legal advice regarding real estate matters, pursuant to §24-6-402(4)(a) C.R.S. She asked that no electronic record be made, as the discussion would be entirely privileged attorney-client. Upon motion duly made and seconded, it was unanimously

RESOLVED to continue Executive Session at 2:48 p.m. to discuss attorney-client privileged issues concerning real estate matters, pursuant to §24-6-402(4)(a) C.R.S. with no electronic record created as Ms. Winn opined the contents of the discussion would contain privileged attorney-client communications.*

The regular meeting resumed at 3:00 p.m.
ADJOURNMENT
There being no further business to come before the Board, the meeting adjourned at 3:01 p.m.

Respectfully submitted,

________________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

________________________________________
Bob Armour, Director

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Steve Coyer, Treasurer

________________________________________
Stephen Friedman, Vice Chair

________________________________________
George Gregory, Secretary

________________________________________
Frederick P. Sackbauer IV, President/Chair

________________________________________
Bill Simmons, Director

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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.

________________________________________
Kathryn Winn, General Counsel

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Glenn Porzak, Water Counsel