A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was held May 24, 2018, 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.

The following Directors were present, thereby constituting a quorum:

- Geoff Dreyer, Arrowhead Metropolitan District
- George Gregory, Berry Creek Metropolitan District
- Sarah Smith Hymes, town of Avon
- Kim Bell Williams, EagleVail Metropolitan District
- Mick Woodworth, Edwards Metropolitan District

The following Director was absent and excused:

- Pam Elsner, Beaver Creek Metropolitan District

The following Alternate Directors was present and acting:

- Bill Simmons, Beaver Creek Metropolitan District

Also in attendance were:

- District Staff
- Linn Brooks
- Jason Cowles
- Carol Dickman
- Catherine Hayes
- Diane Johnson
- John McCaulley
- Jeff Schneider
- Dan Siebert
- Brian Tracy
- James Wilkins
- Consultants
- Ashley Hernandez-Schlagel, Nathan Dumm & Mayer PC, via phone
- Glenn Porzak, Porzak Browning & Bushong LLP
- 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:

- Director Elsner disclosed her membership with the Vilar Performing Arts Center Guild, which operates within the Authority's service area. Director Gregory and alternate Director Simmons disclosed that they serve on the Board of the Eagle River Water and Sanitation District. 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 Williams disclosed that she is the Eagle County Housing Director. 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

Ms. Brooks noted the District recently received the Vail Valley Partnership’s Actively Green Business of the Year Award. She highlighted efforts of the District’s Sustainability Committee in recent years that led to this award and introduced members of the committee in attendance, including Messrs. Siebert and Tracy and Ms. Hayes. Ms. Brooks also complimented Maureen Mulcahy, Amy Schweig, and Ms. Johnson, who have received excellent feedback as they present the draft Water Efficiency Plan to local entities. At 8:40 a.m., Mr. Siebert left the meeting.

ACTION ITEMS

Consideration of Minutes – The minutes of the regular meeting of April 26, were considered. Upon motion duly made and seconded, it was unanimously
RESOLVED that the minutes of the April 26, 2018, regular meeting be accepted and hereby are approved as amended. Vice Chair Hymes abstained.

**Dry-Year Management Policies** – Ms. Brooks discussed her memo regarding management and operations during dry years, a copy of which is attached hereto as Exhibit A and incorporated herein by this reference. The proposed policies were based on the lessons learned in 2012 and the Drought Management Plan drafted following that drought. Ms. Brooks and Ms. Johnson discussed the summer weather and precipitation outlook, current streamflow conditions (including that local flows peaked on May 17), and staff planning efforts for this dry year. The Board discussed the dry-year management policies to direct staff in managing fire risk and water supply in 2018, including activating the incident command system. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the dry-year management policies be and hereby are approved as presented.

**2017 Budget Amendment** – Mr. Wilkins discussed his request and supporting documentation regarding an amendment to the Authority’s 2017 budget, copies of which are attached hereto as Exhibit B and incorporated herein by this reference. The Board opened a public hearing for this purpose at 8:45 a.m. Mr. Wilkins explained the need for the amendment, as the amount of District staff time and expenditures for Authority-related items exceeded budgeted amounts. Authority spending on other items was largely under budget, so the overall discrepancy is around $65,000. Mr. Wilkins said the annual contracted amount the Authority pays to the District has not been updated since 2014; staff will take a closer look at this as the 2019 budgets are prepared. Public comment was requested and there was none. The public hearing was closed at 8:53 a.m. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the 2017 Authority budget be and hereby is approved as amended.

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

**STRATEGY**

**Board Member Input** – Chair Gregory 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 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.

**July Joint Meeting** – The board agreed to hold a joint meeting with the District board on July 26 to discuss the Eagle River MOU and proposed Eagle Park Reservoir enlargement project.

**Water Releases for GoPro Games** – Ms. Brooks gave background on a request for a water release for the GoPro Games in Vail from the Vail Valley Foundation. Though the Authority and District have not released their water to prop up streamflows for this event, they have helped Vail Resorts to release its Homestake water in the past. Staff can again assist with this if needed, and
the board reaffirmed its position that none of its Black Lakes or Homestake water will be released for this purpose.

**Vail Recreation District (VRD) Raw Water System** – In response to a question, Ms. Brooks gave background on the raw water system in Vail used by the Vail Golf Course, Vail Recreation District, and Ford Park. The VRD system has never worked well, and was not used at all last year due to operational inefficiencies. The District is working with VRD to upgrade the system and in the meantime, offered a Tier 1 irrigation rate to VRD. Once the system is improved, the use of raw water for outdoor irrigation will take pressure off the District’s infrastructure and water delivery system. Additionally, staff and consultants want to ensure the use of the raw water system is aligned with the original intent of the water use decree.

**Stillwater Groundbreaking** – Ms. Johnson said the Stillwater Groundbreaking was planned for Friday, June 1 at the construction site in West Edwards. Invitations for this District employee housing development will be sent out later in the day. In response to a question about project permitting with Eagle County, Mr. Cowles noted he is assisting the county with a complete rewrite of its land use code.

**FINANCE REPORT**

**Quarterly Financial Report** – Mr. Wilkins presented the quarterly financial report, a copy of which is attached hereto as Exhibit F and incorporated herein by this reference. He noted Authority water sales were slightly lower than projected, in line with cold, wet spring weather that the Authority experienced. The revenue and expense trends indicate a projected surplus in 2018. Mr. Wilkins also pointed out improved budgeting and spending projections by the CIP department, which is helpful for efficient financial planning.

**OPERATIONS REPORT**

The operations report was presented, a copy of which is attached hereto as Exhibit G and incorporated herein by this reference. There were no questions on the report.

**ENGINEERING REPORT**

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

**Eagle River Valley (ERV) Mobile Home Park** – Mr. Cowles briefly updated on the ongoing water service evaluation for the ERV mobile home park’s private water system. He discussed recent meetings with Our Community Foundation representative Dan Godec about the possibility of connecting the ERV’s private water system to the Authority’s. Though the ERV water meets Colorado Department of Public Health and Environment (CDPHE) requirements, its taste is off-putting and the majority of ERV residents purchase bottled water rather than use the ERV’s private water system. Mr. Cowles discussed cost estimates for connecting the ERV system to the Authority’s at the Sifers BPS and utilizing the ERV’s concrete storage tank. Other considerations were also discussed, including the ERV’s 1975 well water right, the need for augmentation water.
during instream flow calls, water system impact fees, and options for financing all of these items.

The board directed staff to gauge interest of the owner in connecting to the Authority’s system prior to expending more time and effort planning.

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

GENERAL COUNSEL REPORT
Traer Creek Update – Ms. Winn, attending in place of general counsel Jim Collins, said Traer Creek had complied with additional revisions requested by the Authority for easements.

WATER COUNSEL REPORT
Water Rights Appraisal – Mr. Porzak discussed the most recent Authority water rights appraisal, a copy of which is attached hereto as Exhibit I and incorporated herein by this reference. The appraisal is included annually as an exhibit to the audit. The Authority’s water rights portfolio is worth an estimated $54 million. Combined with the District, the two entities have over $100 million in water rights.

Mr. Schneider left the meeting at 9:29 a.m.

EXECUTIVE SESSION
Ms. Winn requested the Board enter Executive Session to receive legal advice regarding Traer Creek tank, pursuant to §24-6-402(4)(b) and (e) C.R.S. She 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 9:30 a.m. to discuss attorney-client privileged issues concerning the Traer Creek tank, pursuant to §24-6-402(4)(b) and (e) C.R.S. with no electronic record created as Ms. Winn opined the contents of the discussion would contain privileged attorney-client communications.*

Ms. Hernandez-Schlagel joined the call at 9:50 a.m. She left the call at 10:07 a.m.

Mr. Porzak requested the Board continue Executive Session to receive legal advice regarding Eagle River MOU, 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 10:08 a.m. to discuss attorney-client privileged issues concerning Eagle River MOU, 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 10:49 a.m.

ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 10:50 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.

Kathryn Winn, General Counsel

Glenn Porzak, Water Counsel