A regular meeting of the Board of Directors of the Upper Eagle Regional Water Authority (Authority) was held October 25, 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, via phone
- Mick Woodworth, Edwards Metropolitan District

The following Directors were absent and excused:
- Pam Elsner, Beaver Creek Metropolitan District
- Kim Bell Williams, EagleVail Metropolitan District

The following Alternate Directors were present and acting:
- Betsy Laughlin, EagleVail Metropolitan District
- Bill Simmons, Beaver Creek Metropolitan District

Also in attendance were:
- District Staff
- Linn Brooks
- Kyle Collins
- Jason Cowles
- Carol Dickman
- Courtney Finch
- Catherine Hayes
- Diane Johnson
- John McCaulley
- Maureen Mulcahy
- Seth Perry
- Siri Roman
- Jeff Schneider
- Brian Tracy
- Amy Vogt
- James Wilkins
- Len Wright
- Consultants
- Ashley Hernandez-Schlagel, Nathan Dumm & Mayer PC, via phone
- Kristin Moseley, Porzak Browning & Bushong LLP
- Andy Nathan, Nathan Dumm & Mayer PC, via phone
- Glenn Porzak, Porzak Browning & Bushong LLP
- Kathryn Winn, Collins Cockrel & Cole
- Public
- Dan Godec, Our Community Foundation
- Melissa Nelson, Berry Creek 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:
- 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. Laughlin was introduced, attending on behalf of EagleVail Metropolitan District. Her oath of office was performed the previous week and filed with the County Clerk and Recorder, pursuant to the new statutory requirements. A copy of the oath is attached hereto as Exhibit A and incorporated herein by this reference. Guests were introduced, including Mr. Godec of Our Community Foundation, and District staff members Mr. Collins and Ms. Finch.
ACTION ITEMS

Consideration of Minutes – The minutes of the regular meeting of September 27, 2018, were considered. Upon motion duly made and seconded, it was unanimously RESOLVED that the minutes of the September 27, 2018, regular meeting be accepted and hereby are approved as presented.

STRATEGY ITEMS

Benchmarking Report – The Board briefly discussed the 2017 Benchmarking and Key Indicators report and related memo included in board packets. Copies are attached hereto as Exhibits B and C, respectively, and incorporated herein by this reference. Ms. Brooks explained that the benchmarks were defined and provided by the American Waterworks Association, compiled from the data reported by participating entities. Other key performance indicators and trending data was specific to Authority and District operations. Discussion ensued, and the board asked for more information on how staff would use the information and also thanked staff for work on the report.

Draft 2019 Budget Presentation – Mr. Wilkins discussed the draft FY 2019 budget and related materials, copies of which are attached hereto as Exhibit D and incorporated herein by this reference. The budget committee, Chair Gregory and Treasurer Dreyer, discussed the annual budget process and their involvement. They also discussed key points of the budget, including a 3% rate increase for rates and fees, and the anticipated issue of a $14.6 million revenue bond. The committee recommended approval of the budget during the public budget hearing, which was noticed for the Nov. 15 board meeting.

GENERAL MANAGER REPORT

Ms. Brooks noted she did not include a written report in packets. Monthly reports were acknowledged, copies of which are attached hereto as Exhibit E and incorporated herein by this reference.

OPERATIONS REPORT

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

Eagle Mine Update – Ms. Roman discussed a recent spill at the Eagle Mine, which was not reported to the District via the agreed-upon channels of communication. While instream water quality standards for metals were likely not exceeded, concerns persist regarding the inspection and monitoring efforts at the Mine. Ms. Roman noted that she is working to build positive relationships with the new personnel at the Mine and the Colorado Department of Public Health and the Environment. A meeting with key stakeholders was scheduled in the coming weeks. Discussion ensued regarding the ideal level of involvement for the District, as well as the relationships governing the ongoing work at the Mine. A related memo is attached hereto as Exhibit G and incorporated herein by this reference.
2017 Macroinvertebrate Sampling Results – Ms. Roman presented a memo regarding the latest macroinvertebrate sampling results for local waterways, a copy of which is attached hereto as Exhibit H and incorporated herein by this reference. She noted the data indicates improvements on Gore Creek; however, the Eagle River sample sites experienced some degradation of conditions. Discussion ensued regarding the applicability of the Gore Creek water quality improvement plan to the Eagle River, as well as when mitigation efforts should be undertaken on the Eagle River.

ENGINEERING REPORT

Mr. Cowles noted he did not include a written report in packets; all of his items would be covered in Executive Session.

COMMUNICATION AND PUBLIC AFFAIRS REPORT

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

Colorado River Matters – Ms. Johnson discussed the upcoming presentation by Eric Kuhn, retired general manager of the Colorado River District, and Chris Treese, external affairs manager for the River District. She gave some background on Colorado River issues and discussed the regulated inflow into Lake Powell (water released from system reservoirs) and highlighted that the unregulated inflow (stemming from precipitation) was just two percent of the 30-year average in August and less than one percent in September. Ms. Johnson said Messrs. Kuhn and Treese would further discuss implications of current hydrology, operations, water use, drought contingency planning, and potential legislative action.

GENERAL COUNSEL REPORT

Ms. Winn referred to her confidential legal report included in the confidential packet.

WATER COUNSEL REPORT

Mr. Porzak referred to his confidential legal reports in the confidential packet.

Proposed 2019 Cash in Lieu of Water Rights Fees – Mr. Porzak discussed the Authority’s updated water dedication policy, which proposes increases in the Authority’s cash-in-lieu of water rights fees for 2019. A copy is attached hereto as Exhibit J and incorporated herein by this reference. Such changes would be approved with the 2019 budget. Mr. Porzak recommended direct flow water fees increase from $9,000/acre foot to $9,360. After discussion, the board recommended in-basin augmentation water fees increase from $35,000/acre foot to $38,500, a 10% increase, which is reflective of the true cost of water and rising water development costs in the area. Mr. Porzak agreed to update his resolution and bring it back with the 2019 budget at the November 15 meeting.
Pando Feeder Canal Diligence/Absolute Application – Mr. Porzak discussed the application to make absolute a portion of the 1955 Pando Feeder Canal water right, a copy of which is attached hereto as Exhibit K and incorporated herein by this reference. This water right was originally donated to Eagle Park Reservoir Company by the Colorado River District and is diverted at the East Fork Pump Station to fill Eagle Park Reservoir. Mr. Porzak noted it was a joint application on behalf of all the Eagle Park Reservoir Company shareholders. The board approved Mr. Porzak to sign and file the diligence application on its behalf.

Amendment to the Colorado River Cooperative Agreement – Mr. Porzak discussed an amendment to the CRCA regarding the Clinton Reservoir dead storage pool. An exhibit to the CRCA requires that the Clinton Reservoir dead storage pool cannot be used until a pump is installed; however, Winter Park and Copper Mountain would like to use their allocation in the pool without the need for a pump by taking the water from the active storage capacity, as not all of the shareholders are using their entire allocation of the active storage capacity. Thus, the matter could be handled through a bookkeeping entry. While this does not affect the Authority or District, they are signatories to the CRCA and therefore must approve any change to the agreement. After discussion and upon motion duly made and seconded, it was unanimously RESOLVED that the amendment to the Colorado River Cooperative Agreement be and hereby is approved as presented. A copy of the amendment is attached hereto as Exhibit L and incorporated herein by this reference.

Eagle River Valley (ERV) Mobile Home Park Update – The board welcomed Mr. Godec of Our Community Foundation, who discussed the history of the ERV mobile home park and ongoing issues with the park’s available water supply. He explained the ongoing work to get the park connected to the Authority’s water supply. He discussed partners involved in this effort and the contributions committed, including impact fees, the cost to physically connect the systems, and some of Eagle County’s Eagle Park Reservoir water. Discussion ensued regarding the commitment of the Eagle Park water; Mr. Porzak advised against earmarking such water for any particular use or place of use based on how the Authority’s water rights are adjudicated for use throughout the entire Authority system. Mr. Godec noted a high proportion of residents in the park are Vail Resorts employees. The Board thanked Mr. Godec for his time and effort on this matter.

EXECUTIVE SESSION

Mr. Porzak requested the Board enter Executive Session to receive legal advice regarding Colorado River Compact Issues 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 enter Executive Session at 9:28 a.m. to discuss attorney-client privileged
issues concerning Colorado River Compact Issues 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.*
Ms. Winn requested the Board continue Executive Session to receive legal advice regarding the 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 continue Executive Session at 9:59 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.*
Special counselors Ms. Hernandez-Schlagel and Mr. Nathan joined the call at 10:00 a.m. They left
the call at 10:27 a.m.
Mr. Porzak requested the Board continue Executive Session to receive legal advice regarding the Bolts
Lake water service agreement and Eagle River MOU 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 10:28 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 Mr. Porzak opined the contents of the discussion would contain
privileged attorney-client communications.*
The regular meeting resumed at 10:59 a.m.
ADJOURNMENT

There being no further business to come before the Board, the meeting adjourned at 11:00 a.m.

Respectfully submitted,

[Signature]
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND NOTICE OF MEETING WAIVED

[Signatures]

Arrowhead Metropolitan District

Town of Avon

Beaver Creek Metropolitan District

Berry Creek Metropolitan District

EagleVail Metropolitan District

[Signature]
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.

[Signature]
Kathryn Winn, General Counsel

[Signature]
Glenn Porzak, Water Counsel