A Special Meeting of the Board of Directors of the Eagle River Water & Sanitation District (District) was held October 25, 2018, at 1:00 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. Dick Cleveland
2. Steve Coyer, via phone
3. Steve Friedman
4. George Gregory
5. Timm Paxson
6. Bill Simmons
7. Brian Sipes

Also in attendance were:

8. District Staff
9. Linn Brooks
10. Jason Cowles
11. Carol Dickman
12. Catherine Hayes
13. Diane Johnson
14. Siri Roman
15. Amy Vogt
16. James Wilkins
17. Consultants
18. Kristin Moseley, Porzak Browning & Bushong LLP
19. Glenn Porzak, Porzak Browning & Bushong LLP
20. Kathryn Winn, Collins Cockrel & Cole
21. Public
22. Kathy Chandler-Henry, Eagle Board of County Commissioners
23. Gary Shimanowitz, Vail Resorts/Eagle Park Reservoir Company

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. Director Cleveland disclosed that he serves on the board of Vail Health. 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 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 Friedman called the meeting to order at 1:00 p.m.

INTRODUCTIONS

County Commissioner Chandler-Henry was introduced, as well as Mr. Shimanowitz, an Eagle Park Reservoir Company board member.

PUBLIC COMMENT

Public comment was requested and there was none.

WATER COUNSEL REPORT

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

EXECUTIVE SESSION

Mr. Porzak requested the Board enter into Executive Session to receive legal advice regarding Colorado River Compact issues, pursuant to §24-6-402(4)(b) and (f), 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 into Executive Session at 1:01 p.m. to discuss attorney-client privileged issues concerning the Colorado River Compact, pursuant to §24-6-402(4)(b) and (f) C.R.S.
with no electronic record created as Mr. Porzak opined the contents of the discussion would contain privileged attorney-client communications.*

Mr. Shimanowitz left the meeting at 1:11 p.m. Ms. Chandler-Henry left the meeting at 1:18 p.m., and the regular meeting resumed at 1:19 p.m.

**ACTION ITEMS**

Consideration of Minutes – The minutes of the special 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, special meeting be accepted and hereby are approved as presented.

Sanitation Maintenance Warranty Deductible – Mr. Wilkins discussed the board action request and Sanitation Maintenance Warranty Deductible for 2019, copies of which are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference. Mr. Wilkins noted that approval of the endorsement would reduce the District’s liability premiums by 33%. After discussion and upon motion duly made and seconded, it was unanimously RESOLVED that the endorsement 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 C and incorporated herein by this reference.

**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 D and E, respectively, and incorporated herein by this reference. Ms. Brooks explained that the benchmarks were defined and provided by the American Water Works Association, compiled from the data reported by participating entities. Other key performance indicators and trending data were specific to Authority and District operations. Discussion ensued, and the board suggested a summary of the report would be helpful.

Draft 2019 Budget Presentation – Mr. Wilkins discussed the draft FY 2019 budget and related materials, copies of which are attached hereto as Exhibit F and incorporated herein by this reference. The budget committee, Chair Friedman and Treasurer Coyer, discussed the annual budget process and their involvement. They also discussed key proposed budget increases supported by the committee: an increase to offset electric use with the purchase of 100% renewable energy from Holy Cross, the District’s electric provider; and an increase to the personnel budget for working conditions supplemental pay. This flat pay supplement would primarily apply to wastewater employees to encourage retention and assist with recruiting in this field, which has unique due to the nature of the work, but could potentially apply to any employee who was exposed to challenging working conditions. The committee and Mr. Wilkins also discussed undertaking preliminary efforts to match the District’s tiered rate structure with that of the Authority, which has five tiers vs. the District’s current three tiers. Mr. Wilkins also
noted the anticipated issue of a wastewater revenue bond in 2019. The committee recommended approval of the budget during the public budget hearing, which was noticed for the Nov. 15 board meeting.

Board Member Input – Chair Friedman shared a letter he received from the Eagle River Watershed Council, thanking the District for its ongoing partnership and funding of the Watershed Council.

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 G and incorporated herein by this reference.

OPERATIONS REPORT
The operations report was presented, a copy of which is attached hereto as Exhibit H 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 and drinking water intakes were not impacted, 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 I 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 J 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.

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 K and incorporated herein by this reference.

Safe Drug Disposal Event – Ms. Johnson reminded Directors of the Oct. 27 national drug take back event. Law enforcement partners are hosting collection sites in Vail, Edwards, and Gypsum, to receive and dispose of prescription, over-the-counter medications and supplements, and controlled substances. The event keeps pharmaceuticals out of the waste stream, in part to
protect water quality. The event is free and no personal information is collected. There are six permanent take-back receptacles available in Eagle County for anyone unable to attend Saturday; details are on the district website.

**Vail Farmers’ Market** – Ms. Johnson noted that the market ended Oct. 7 and acknowledged Ms. Vogt for her success in coordinating twenty co-workers to staff the water station each Sunday; they distributed about 2,300 gallons of water and had about 30,000 customer interactions over the 17 weeks.

**Colorado River Matters** – Chair Friedman thanked Ms. Johnson for her efforts to coordinate the presentation by Messrs. Kuhn and Treese earlier in the day. They discussed major issues affecting the Colorado River Basin at a joint meeting of the Authority and District boards.

**GENERAL COUNSEL REPORT**

Ms. Winn referenced her confidential legal report in the confidential packet.

**Intergovernmental Agreements** – Ms. Winn discussed the recommendation from her and Jim Collins that certain intergovernmental agreements (IGAs) could be approved by staff and reported to the board at the next board meeting. Criteria for IGAs to be staff-approved include those that are opportunistic and for which timing is key. Discussion ensued regarding how to define a “major” vs. “minor” IGA, and the board indicated that the general manager was given the discretion to make such determinations with board oversight. Upon motion duly made and seconded, it was unanimously

**RESOLVED** that staff may approve intergovernmental agreements for which time is of the essence and must report on such execution at the next board meeting.

**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 District’s updated water dedication policy, which proposes increases in the District’s cash-in-lieu of water rights fees for 2019. A copy is attached hereto as **Exhibit L** 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 M** 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 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 District or Authority, 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 N** and incorporated herein by this reference.
ADJOURNMENT
There being no further business to come before the Board, the meeting adjourned at 3:00 p.m.
Respectfully submitted,

________________________________________
Secretary to the Meeting

MINUTES APPROVED, FORMAL CALL, AND
NOTICE OF MEETING WAIVED

________________________________________
Dick Cleveland, Director

________________________________________
Steve Coyer, Treasurer

________________________________________
Stephen Friedman, Chair

________________________________________
George Gregory, Secretary

________________________________________
Timm Paxson, Director

________________________________________
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.

Kathryn Winn, General Counsel            Glenn Porzak, Water Counsel