Eagle River Water and Sanitation District
Upper Eagle Regional Water Authority
Joint Special Meeting
September 24, 2020
MINUTES

A joint special meeting of the Boards of Directors of the Upper Eagle Regional Water Authority (Authority) and Eagle River Water and Sanitation District (District) was held September 24, 2020, at 9:45 a.m., via Microsoft Teams, in accordance with the applicable statutes of the State of Colorado.

ATTENDANCE

The following Authority Directors were present, thereby constituting a quorum:

Geoff Dreyer, Arrowhead Metropolitan District
Pam Elsner, Beaver Creek 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 District Directors were present, thereby constituting a quorum:

Dick Cleveland
Steve Coyer
George Gregory
Timm Paxson
Bill Simmons
Robert Warner

Also in attendance were:

ERWSD Staff
Linn Brooks
Allen Cerny
Jason Cowles
Carol Dickman
Catherine Hayes
Diane Johnson
Elena Jones
Kira Koppel
Melissa Mills McLoota
Louise Reiter
Jeff Schneider
Micah Schuette
Rick Smith
Amy Vogt
Len Wright
Brad Zachman

Consultants
Alec Bry, AE2S
Steve Bushong, Porzak Browning & Bushong LLP
Jim Collins, Collins Cockrel & Cole
Holly Loff, Eagle River Watershed Council
Matt Miller, McMahan and Associates
Glenn Porzak, Porzak Browning & Bushong LLP
Marc Ragan, Piper Sandler
Deon Stockert, AE2S

Public
Tammy Baker, citizen
Eric Heil, Town of Avon
Cliff Thompson, Friend of the River District
Chris Treese, Friends of the River District

DISCLOSURES OF POTENTIAL CONFLICTS OF INTEREST

The Boards noted they 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:

For the Authority:

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 boards of the Eagle River Fire Protection District and Edwards Metropolitan District 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.

For the District:

Director Cleveland disclosed that he serves on the board of Vail Health. 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 anager of the Beaver Creek Metropolitan District, an alternate Authority Director, and serves on the boards of the
CALL TO ORDER
Chair Simmons of the Eagle River Water and Sanitation District called the meeting to order at 9:45 a.m., and Chair Gregory of the Upper Eagle Regional Water Authority concurred.

PUBLIC COMMENT
Public comment was called for and there was none.

INTRODUCTIONS
Guests were also introduced, including Messrs. Bry, Miller, Ragan, Stockert, Treese, Thompson, and Mses. Baker and Loff.

ACTION ITEMS

Joint
Consideration of Minutes – The minutes of the Authority and District joint special meeting of Aug. 27, 2020, were considered. Upon motion duly made and seconded, it was unanimously RESOLVED that the minutes of the Aug. 27, 2020, joint special meeting be accepted and hereby are approved as presented by both boards.

Consideration of Joint Resolution in Support of Colorado River District’s Ballot Question 7A – Mr. Treese and Ms. Johnson discussed information regarding Ballot Question 7A and a related resolution, copies of which are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference. The measure would help stabilize the River District’s revenues, which have been declining due to reduced energy revenues, the Gallagher Amendment, and TABOR restrictions. After discussion and upon motion duly made and seconded, it was unanimously RESOLVED that the Joint Resolution in Support of Colorado River District’s Ballot Question 7A to Protect West Slope Water be and hereby is approved as presented.

Messrs. Thompson and Treese left the meeting at 10:00 a.m.

Eagle River Watershed Council Funding Request – Ms. Loff president of the Eagle River Watershed Council, presented information regarding the Council’s programs, outreach, and efforts, to which the Authority and District contribute a combined $50,000 annually. Ms. Loff presented her request letters to the Authority and District boards regarding funding, copies of which are attached hereto as Exhibits C and D, respectively and incorporated herein by this reference. The boards agreed to include $25,000 in each the Authority and District FY 2021 budgets for approval next month. Ms. Loff left the meeting at 10:23 a.m.

Consent Agenda – The Boards unanimously approved the consent agenda, a copy of which is attached hereto as Exhibit E and incorporated herein by this reference.

Information Reports – The information reports were acknowledged and are attached hereto as Exhibit F and incorporated herein by this reference.
Authority

Authority 2020 Water Revenue Bonds and Rate Impacts – Mr. Ragan discussed options for structuring the bonds to create some debt service savings and reduce the impact to ratepayers in FY2021 and into the future. The board indicated a preference for the alternative that slowly increased rates and aligned with the information shared with ratepayers in 2019. Mr. Ragan also presented a resolution to establish a debt service base for the 2020 bonds, a copy of which is attached hereto as Exhibit G and incorporated herein by this reference. After discussion and upon motion duly made and seconded, it was unanimously

RESOLVED that the resolution to establish the debt service base rate be and hereby is approved as presented.

Mr. Ragan left the meeting at 10:55 a.m.

FY2019 Audit – Mr. Miller of McMahan and Associates discussed the Authority’s 2019 audited financial statements and the representation letter to management, copies of which are attached hereto as Exhibits H and I, respectively, and incorporated herein by this reference. Mr. Miller noted the board received a clean opinion on its audit and there were no issues performing the audit. Upon motion duly made and seconded, it was unanimously

RESOLVED that the FY2019 audit be and hereby is approved as presented; and

FURTHER RESOLVED that Ms. Brooks be and hereby is authorized to execute the representation letter.

District

FY2019 Audit – Mr. Miller of McMahan and Associates also discussed the District’s 2019 audited financial statements and the representation letter to management, copies of which are attached hereto as Exhibits J and K, respectively, and incorporated herein by this reference. Mr. Miller noted the board received a clean opinion on its audit and there were no issues performing the audit. Upon motion duly made and seconded, it was unanimously

RESOLVED that the FY2019 audit be and hereby is approved as presented; and

FURTHER RESOLVED that Ms. Brooks be and hereby is authorized to execute the representation letter.

Mr. Miller left the meeting at 11:05 a.m.

STRATEGY ITEMS

Water System Master Plan Update – Mr. Schuette introduced Messrs. Bry and Stockert of AE2S, noting that they were instrumental in assisting with the Authority and District’s water system master plan. Mr. Schuette noted the plan uses a GIS-based hydraulic model, which allows in-house modeling for items that were previously outsourced. A copy of Mr. Schuette’s presentation is attached hereto as Exhibit L and incorporated herein by this reference.

Messrs. Bry and Stockert left the meeting at 11:45 a.m.
Board Member Input – Board member input was requested and there was none.

GENERAL MANAGER REPORT
Ms. Brooks presented her report, a copy of which is attached hereto as Exhibit M and incorporated herein by this reference.

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

Budget Update – Mr. Smith noted budget work was in progress for the Authority and District FY2021 budgets. Staff is on track to provide these by the Oct. 15 statutory deadline.

ENGINEERING REPORT
Mr. Cowles presented the engineering report, a copy of which is attached hereto as Exhibit O and incorporated herein by this reference.

COMMUNICATIONS AND PUBLIC AFFAIRS REPORT
Ms. Johnson presented the communications and public affairs report, a copy of which is attached hereto as Exhibit P and incorporated herein by this reference.

GENERAL COUNSEL REPORT
Mr. Collins referred to his confidential legal report included in the confidential packet.

WATER COUNSEL REPORT
Mr. Porzak referred to his confidential legal report included in the confidential packet.

Cash-in-Lieu Fees – Mr. Porzak discussed the cash-in-lieu of water rights rates for FY2021, which will be considered with the draft FY2021 budgets for both boards.

At 12:15 p.m., Mses. Dickman, Koppel, Reiter, and Vogt and Messrs. Cerny, Schneider, Schuette, and Dr. Wright left the meeting.

EXECUTIVE SESSION
Mr. Collins requested the Boards enter Executive Session to receive legal advice of counsel, pursuant to §24-6-402(4)(a)(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 12:31 p.m. to receive advice of counsel, 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 of counsel regarding the strategic reserve policy and Eagle Park Reservoir water rights matters, pursuant to §24-6-402(4)(a)(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 12:45 p.m. to receive advice of counsel regarding the strategic reserve policy and Eagle Park Reservoir water rights 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. Brooks requested the Board continue Executive Session to receive legal advice of counsel regarding cybersecurity and Bolts Lake matters, pursuant to §24-6-402(4)(a)(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 2:45 p.m. to receive advice of counsel regarding cybersecurity and Bolts Lake matters, 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.*

The regular meeting resumed at 4:00 p.m.
ADJOURNMENT
There being no further business to come before the Boards, the meeting adjourned at 4:43 p.m.

Respectfully submitted,

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Secretary to the Meeting

EAGLE RIVER WATER & SANITATION DISTRICT

__________________________________________
Dick Cleveland, Director

__________________________________________
Steve Coyer, Treasurer

__________________________________________
George Gregory, Secretary

__________________________________________
Timm Paxson, Director

__________________________________________
Bill Simmons, Chair

__________________________________________
Robert Warner, Director
UPPER EAGLE REGIONAL WATER AUTHORITY

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Arrowhead Metropolitan District

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Town of Avon

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Beaver Creek Metropolitan District

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Berry Creek Metropolitan District

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EagleVail Metropolitan District

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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.

___________________________________
James P. Collins, General Counsel

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Glenn Porzak, Water Counsel