MEMORANDUM

TO: Board of Directors
FROM: Catherine Hayes, Board Secretary
DATE: February 20, 2019
RE: February 28, 2019, Regular Board Meeting

This memorandum shall serve as notice of the Regular Board of Directors Meeting of the Eagle River Water & Sanitation District:

Thursday, February 28, 2019
11:30 a.m.

Eagle River Water & Sanitation District Office
Walter Kirch Room
846 Forest Road
Vail, CO
81657

Cc public items:
ERWSD Managers
Ken Marchetti, Marchetti & Weaver, PC

Board Materials via Email:
Bob Armour, Vail resident
Caroline Bradford, Independent Consultant
Robert Lipnick, Vail resident
Rick Sackbauer, Vail resident
1. Consultant/Guest Introduction
2. Public Comment∗
3. Action Items
   3.1. Meeting Minutes of January 24, 2019, Regular Meeting
   3.2. Resolution Honoring Rick Sackbauer
   3.3. Parameters Resolution for 2019 Enterprise Wastewater Revenue Bonds – Jonathan Heroux
      3.3.1. Parameters Resolution
      3.3.2. Resolution to Establish Wastewater Bond Debt Service Base Rate
   3.4. Rules and Regulations Appendix G Updates – Maureen Mulcahy
   3.5. Consent Agenda: Contract Log
4. Strategy Items
   4.1. Board Member Input
5. General Manager Report – Linn Brooks∗
   5.1. General Manager Information Items
5.2. Finance Report
   5.2.1. Quarterly Financial Report
5.3. Operations Report∗
   5.3.1. Avon Drinking Water Facility Capital Improvements – Brian Tracy
   5.3.2. Partnering Event for Avon Wastewater Treatment Facility Nutrient Upgrade Project – Melissa Marts
5.4. Engineering Report – Jason Cowles∗
5.5. Public Affairs Report – Diane Johnson∗
   5.5.1. Legislative Update
5.6. Monthly Reports
   5.6.1. Development Report∗
   5.6.2. Authority January Meeting Summary – draft∗
   5.6.3. District and Authority Committees∗
6. General Counsel Report – Jim Collins†
7. Water Counsel Report – Glenn Porzak
   7.1. Colorado Outdoor Recreation and Economy Act∗
   7.2. Pando Feeder Canal Absolute/Diligence Case∗
8. **Executive Session pursuant to § 24-6-402(a)(b) and (e), C.R.S.**

   8.1. General Counsel Review of Matters in Negotiation – Jim Collins
   8.2. Water Counsel Review of Matters in Negotiation – Glenn Porzak
       8.2.1. Bolts Lake Agreement†
       8.2.2. Bolts Lake Application and Augmentation Plan†
       8.2.3. Bulk Water and Delivery Agreement†
       8.2.4. CRCA Project Status Report

9. **Adjournment**
RESOLUTION AND PROCLAMATION OF THE EAGLE RIVER WATER & SANITATION DISTRICT
Recognizing Frederick P. Sackbauer, IV, for Dedication and Competent Leadership provided to the Eagle River Water & Sanitation District

WHEREAS, the esteemed Frederick P. Sackbauer, IV, (“Rick”) served as an effective and distinguished Member of the Eagle River Water & Sanitation District Board since 2010, serving as Chair from 2011 – 2018, and

WHEREAS, Rick led the District and its more than 23,000 constituents with a combination of intellect, diplomacy, steadiness, experience, and passion, always displaying his strong commitment to our community; and

WHEREAS, Rick has been made significant contributions in managing and protecting the water resources, the environment, the watershed, and the water quality of the Eagle River Valley, and particularly Gore Creek, the water quality of which has seen marked improvements since Rick began his tenure; and

WHEREAS, Rick was a key player in a 2014 voter-approved tax increase and waiver of TABOR revenue limitations, which facilitated the most economical funding of District master plan projects, including an Edwards Wastewater Treatment Facility upgrade, which was finished in 2015 and effectively eliminated facility-caused odors; and

WHEREAS, Rick has provided balanced leadership to foster strong working relationships with the Upper Eagle Regional Water Authority and Eagle Park Reservoir Company, and in addressing items of mutual concern with the Authority and Company Boards; and

WHEREAS, Rick proactively promoted agreements and partnerships with other governments and entities, including the Towns of Vail, Minturn, and Avon, Walking Mountains Science Center, Eagle County, the Eagle River Watershed Council, the Colorado River Water Conservation District, Denver Water, the Cities of Aurora and Colorado Springs, the Colorado Water Conservation Board, the Bureau of Land Management, and the U.S. Forest Service; and

WHEREAS, Rick ensured the District and Authority were key players in creating and executing the Colorado River Cooperative Agreement, a visionary agreement to ensure Colorado’s secure and sustainable water future; and

WHEREAS, Rick offered his experience and insight as the District weathered the 2012 drought, forming partnerships to reduce water use while still maintaining the aesthetics that make Vail a world-class recreational destination; and

WHEREAS, Rick has been an invaluable resource in providing policy and direction serving on the Organizational Development/Strategic Planning committee; and

WHEREAS, Rick played an integral role in updating the District’s Employee Housing Program, and specifically assisting with the Stillwater Employee Housing Development, which will further enhance the District’s ability to recruit and retain quality employees; and

NOW THEREFORE, be it known that the Eagle River Water & Sanitation District hereby expresses its most sincere gratitude and appreciation to Rick for his years of dedication, leadership, intellect, and thoughtfulness, provided not only to the District, but also to the future generations of our customers in the District who will reap the benefits of the service he has provided.

ADOPTED UNANIMOUSLY this 28th day of February 2019.

______________________________       ______________________________
Dick Cleveland, Director       Steve Coyer, Treasurer

______________________________       ______________________________
Stephen Friedman, Chair       George Gregory, Secretary

______________________________       ______________________________
Timm Paxson, Director       Bill Simmons, Director

______________________________       ______________________________
Brian Sipes, Director       Linn Brooks, General Manager

______________________________       ______________________________
Jim Collins, General Counsel       Glenn Porzak, Water Counsel
BOARD ACTION REQUEST

TO: Board of Directors
FROM: James Wilkins, Director of Finance
DATE: February 28, 2019
RE: 2019 Series Wastewater Revenue Bond Parameters Resolution

Summary of Subject: Staff is recommending that the District adopt the attached parameters resolution to move forward with a budgeted $30mm issue for the Series 2019 Wastewater Revenue Bonds.

Discussion and Background: The District is issuing these bonds for significant, large upcoming wastewater projects contemplated in order to meet Regulation 85 nutrient requirements over the next 3 years. These projects and this bond were discussed during the 2019 budget process. Based on an interest rate of 4.25% the monthly debt service fee per SFE would be a bit under $5.50’ to begin in January 2020. A Debt Service Base Rate Resolution will be included as part of the 2020 budget approval process, to be adopted at the November Board meeting.

Alternatives: Wait to build general reserve funds through additional monthly service fees and impact fees; this may delay project funding by several years, which would be unlikely to meet regulatory requirements.

Legal Issues: Bond counsel is reviewing all documents and will approve prior to issuance.

Budget Implication: With $105mm in contemplated projects over the next 15 years at the District’s three wastewater treatment facilities the District has included several bond issues in its projections for the coming years. Because of the scale and cost of these projects, bonding is the only feasible financial mechanism that realistically fund them.

Recommendation: Staff recommends the Board approve the attached parameters resolution for the proposed refunding bonds.

Suggested Resolution and Motion: I move to adopt the attached parameters resolution for the Eagle River Water and Sanitation District’s 2019 Revenue Bond

Attached Supporting Documentation:
Parameters resolution from District’s Bond Counsel
RESOLUTION

A RESOLUTION OF EAGLE RIVER WATER AND SANITATION DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF ITS ENTERPRISE WASTEWATER REVENUE BONDS, SERIES 2019, PROVIDING FOR THE SOURCES OF PAYMENT OF THE BONDS, AND PROVIDING OTHER DETAILS CONCERNING THE BONDS AND THE DISTRICT’S WASTEWATER SYSTEM.

WHEREAS, Eagle River Water and Sanitation District, in the County of Eagle and State of Colorado (the “District”) is a quasi-municipal corporation and political subdivision of the State of Colorado (the “State”) duly organized and existing under the Constitution and laws of the State, in particular Title 32, Article 1, C.R.S. (the “Act”); and

WHEREAS, the members of the Board of Directors of the District (the “Board”) have been duly elected or appointed and qualified; and

WHEREAS, the District now owns and operates a Water System (the “Water System”) and a Wastewater System (the “Wastewater System” or, together with the Water System, the “Combined System”); and

WHEREAS, by resolution of the Board previously adopted on September 26, 1996, the Board has determined that the Combined System constitutes an enterprise pursuant to Article X, Section 20 of the Colorado Constitution (“TABOR”) and Title 37, Article 45.1, C.R.S. (the “Water Enterprise Act”); and

WHEREAS, the District maintains a governmental function and an enterprise function; and

WHEREAS, the District collects ad valorem property taxes to finance its governmental function, which amounts constitute a “grant” from a state or local government entity for purposes of TABOR and the Water Enterprise Act; however, such grants do not exceed 10% of its annual revenues from the Combined System; and

WHEREAS, the Board hereby determines that the Combined System constitutes an enterprise within the meaning of TABOR and the Water Enterprise Act; and

WHEREAS, the Board proposes to extend, better, otherwise improve and equip the Wastewater System (as more fully described herein, the “Project”); and

WHEREAS, the District is authorized by Section 32-1-1101(1)(d) of the Act, and the Water Enterprise Act and Part 4 of Article 35 of Title 31, C.R.S., to issue revenue bonds authorized by action of the Board without the approval of the electors of the District, such bonds to be issued in the manner provided in Part 4 of Article 35 of Title 31, C.R.S.; and
WHEREAS, the District intends to issue its “Eagle River Water and Sanitation District, Eagle County, Colorado, Enterprise Wastewater Revenue Bonds, Series 2019” (the “Bonds”) to defray in part the Cost of the Project (defined herein); and

WHEREAS, the District has heretofore issued, pursuant to a resolution adopted by the Board on December 14, 2009 (the “2009 Resolution”), its Eagle River Water and Sanitation District, Eagle County, Colorado, Taxable Enterprise Wastewater Revenue Bonds (Direct Pay Build America Bonds), Series 2009B, originally issued and currently outstanding in the aggregate principal amount of $15,785,000 (the “2009B Bonds”); and

WHEREAS, the District has heretofore issued, pursuant to a resolution adopted by the Board on November 15, 2012 (the “2012 Resolution”), its Eagle River Water and Sanitation District, Eagle County, Colorado, Enterprise Wastewater Revenue Bonds, Series 2012, originally issued in the aggregate principal amount of $28,060,000 and currently outstanding in the aggregate principal amount of $25,630,000 (the “2012 Bonds”); and

WHEREAS, the District has heretofore issued, pursuant to a resolution adopted by the Board on December 16, 2017 (the “2017 Resolution”, and, together with the 2009 Resolution and the 2012 Resolution, the “Prior Parity Resolutions”), for the purpose of refunding, on December 1, 2019, all of the outstanding Series 2009B Bonds, its Eagle River Water and Sanitation District, Eagle County, Colorado, Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2012, originally issued and currently outstanding in the aggregate principal amount of $13,870,000 (the “2017 Bonds”, and, together with the 2009B Bonds and the 2012 Bonds, the “Prior Parity Bonds”); and

WHEREAS, the District is not delinquent in the payment on the Prior Parity Bonds, and the issuance of the Bonds within the parameters described herein does not contravene the terms and provisions of the Prior Parity Resolutions; and

WHEREAS, except to secure Prior Parity Bonds, the District has neither pledged nor hypothecated the Gross Pledged Revenues derived or to be derived from the operation of the Wastewater System, or any part thereof, to the payment of any bonds or for any other purpose, with the result that the Net Pledged Revenues may now be pledged lawfully and irrevocably to the payment of the Bonds on a parity with the Prior Parity Bonds; and

WHEREAS, the District intends to negotiate a proposal with Piper Jaffray & Co. concerning the purchase of the Bonds; and

WHEREAS, pursuant to Section 11-57-203, C.R.S., as amended, the District desires to delegate to the President, the General Manager and the Finance Manager the independent authority to accept the proposal to purchase the Bonds and to make final determinations relating to the Bonds, subject to the parameters contained in Section 213 of this Resolution; and

WHEREAS, the Board has determined and does hereby declare:

A. In order to meet the present and future needs of the District, it is necessary to extend, better, and otherwise improve and equip the Wastewater System;
B. The Bonds shall be issued for the Project;

C. Net Pledged Revenues shall be pledged to the payment of the Bonds on a parity with the Prior Parity Bonds; and

D. All action preliminary to the authorization of the issuance of the Bonds has been taken, and is hereby ratified and approved.

WHEREAS, there are on file with the District the forms of the following documents: (i) the form of the Purchase Contract; (ii) the form of the Registrar and Paying Agent Agreement; (iii) the form of a Preliminary Official Statement for the Bonds; and (iv) the form of the Continuing Disclosure Agreement; and

WHEREAS, it is necessary to provide for the form of the Bonds, the Bond details, the payment of the Bonds, and other provisions relating to the authorization, issuance, and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF EAGLE RIVER WATER AND SANITATION DISTRICT, EAGLE COUNTY, COLORADO:

ARTICLE I

DEFINITIONS, INTERPRETATION, RATIFICATION AND EFFECTIVE DATE

Section 101. Definitions. The terms in this Section for all purposes of this Resolution and of any resolution amendatory hereof or supplemental hereto, or relating hereto, and of any other resolution or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the Wastewater System, or an interest therein, or any other properties herein designated.

“Acquisition Fund” means the special fund designated as the “Eagle River Water and Sanitation district, Enterprise Wastewater Revenue Bonds, Series 2019, Acquisition Fund” created pursuant to Section 501 hereof.

“Act” means Title 32, Article 1, C.R.S.

“BAB Credit” means the credit provided in Section 6431 of the Code in lieu of any credit otherwise available to the bondholders of BABs under Section 54AA(a) of the Code.
“BABs” means the 2009B Bonds and any future Parity Bonds with respect to which the District expects to receive a BAB Credit.

“Board” means the Board of Directors of the District.

“Bond Counsel” means an attorney or a firm of attorneys, designated by the District and satisfactory to the Paying Agent of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Fund” means the special fund designated as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019, Interest and Bond Retirement Fund” created pursuant to Section 605 hereof.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds, any Parity Bonds, or other securities payable from the Net Pledged Revenues and heretofore or hereafter issued, if any, or such part of such securities as may be designated.

“Bonds” means the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019” as authorized to be issued under the provisions of this Resolution.

“Book-entry form” or “book-entry system” means, with respect to the Bonds, a form or system, as applicable, under which physical bond certificates in fully registered form are registered only in the name of The Depository Trust Company or its nominee as Owner, with the physical bond certificates “immobilized” in the custody of The Depository Trust Company. The book-entry system maintained by and the responsibility of The Depository Trust Company and not maintained by or the responsibility of the District or the Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of book-entry interests in the Bonds.

“Business Day” means a day of the year, other than a Saturday or Sunday, other than a day on which commercial banks located in the city in which the principal corporate trust office of the Paying Agent is located are required or authorized to remain closed and other than a day on which the New York Stock Exchange is closed.

“Capital Improvements” means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the Wastewater System and will be incorporated into the Wastewater System.

“Closing Date” means the date of delivery of and payment for the Bonds.

“Combined Maximum Annual Principal and Interest Requirements” means the largest sum of the principal of and interest on the Bonds and any other Outstanding Parity Bonds, excluding any securities the principal of which is payable within less than one year from the date on which issued, to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the Fiscal Year in which any Bond or other such security last becomes due at maturity or on a Redemption Date, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), subject in all respects to the following, as applicable:

a) The word “principal,” as used in this definition, means the principal which must be paid to security Owners, whether on stated maturity dates or on mandatory Redemption Dates, or otherwise.

b) Any computation made under this definition shall be adjusted for all purposes in the same manner as is provided in Section 803 hereof.

c) For purposes of this definition, “interest” on BABs, including the 2009B Bonds, shall be treated as the amount of interest to be paid by the District on such BABs in each Fiscal Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on such BABs in that Fiscal Year and required by the resolution or other instrument authorizing such BABs to be used to pay interest on such BABs in that Fiscal Year or to reimburse the District for amounts already used to pay interest on such BABs in that Fiscal Year. If the BAB Credit is not expected to be received as of the date of such a calculation, “interest” shall be the total amount of interest to be paid by the District on such BABs without a deduction for the BAB Credit. The Finance Manager may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of this definition.

“Combined System” means the water and wastewater activities of the District.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of $10,000,000 or more, and which is located within the United States of America.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement entered into between the District and the Dissemination Agent.

“Cost of the Project” means all costs, as designated by the District, of the Project, or any interest therein, which cost, at the option of the District (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

a) All preliminary expenses or other costs advanced by the District or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Board, or any combination thereof, or otherwise;
b) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

c) The costs of contingencies;

d) The costs of premiums on any builders’ risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;

e) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;

f) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project and the issuance of the Bonds;

g) All costs and expenses of issuing the Bonds including, without limitation, fees of the Paying Agent, Bond Counsel, counsel to the Purchaser, counsel to the District, financial advisor, rating agencies and printers to the extent not defrayed as an Operation and Maintenance Expense;

h) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

i) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;

j) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

k) The costs of machinery and equipment;

l) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

m) The payment of the premium for the Insurance Policy issued by the Insurer and Reserve Fund Insurance Policy issued by the Surety Provider;

n) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project;

o) The costs of amending any resolution or other instrument pertaining to the Bonds or otherwise to the Wastewater System; and

p) All other expenses pertaining to the Project.
“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented as of the date hereof.

“Dissemination Agent” means U.S. Bank National Association, or its successors and assigns, acting as Dissemination Agent under the Continuing Disclosure Agreement.

“District” means the Eagle River Water and Sanitation District, Eagle County, Colorado, a quasi-municipal corporation and political subdivision of the State.

“Events of Default” means the events stated in Section 1003 hereof.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by, the United States of America.

“Finance Manager” means the Director of Customer and Financial Services of the District, or his or her successor in functions, if any.

“Fiscal Year” means the calendar year or any other 12 month period hereafter selected by the District as its fiscal year.

“General Manager” means the general manager of the District, or his or her successor in functions, if any.

“Gross Pledged Revenues” means all income, rents, receipts, charges and revenues derived directly or indirectly by the District from the operation and use of and otherwise pertaining to the Wastewater System, or any part thereof, whether resulting from Capital Improvements or otherwise, and includes all income, rents, receipts, charges and revenues received by the District from the Wastewater System, including without limitation:

a) All fees, rates and other charges for the use of the Wastewater System, or for any service rendered by the District in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

1. Excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, and all income or other gain from any investment of such borrowed moneys; and

2. Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the
Wastewater System, services rendered thereby, the availability of any such service, or the
disposal of any commodities therefrom; and

b) All income or other gain from any investment of Gross Pledged
Revenues (including without limitation the income or gain from any investment of all Net Pledged
Revenues, but excluding borrowed moneys and all income or other gain thereon in any acquisition
or construction fund, reserve fund, or any escrow fund for any Parity Bonds payable from Net
Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on
any investment of Gross Pledged Revenues); and

c) All income and revenues derived from the operation of any other
utility or other income-producing facilities added to the Wastewater System and to which the
pledge and lien herein provided are lawfully extended by the Board or by the qualified electors of
the District.

“improve” or “improvement” means the extension, reconstruction,
alteration, betterment or other improvement by the construction, purchase or other acquisition of
facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and
buildings.

“Income Fund” means the special fund designated as the “Eagle River
Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Gross Income Fund”
created pursuant to Section 602 hereof.

“Independent Accountant” means any certified public accountant, or any
firm of certified public accountants, duly licensed to practice and practicing as such under the laws
of the State:

a) Who is, in fact, independent and not under the domination of the
District;

b) Who does not have any substantial interest, direct or indirect, with
the District, and

c) Who is not connected with the District as an officer or employee
thereof, but who may be regularly retained to make annual or similar audits of any books or records
of the District.

“Independent Engineer” means an individual, firm or corporation engaged
in the engineering profession of recognized good standing and having specific experience in
respect of business and properties of a character similar to those of the Wastewater System, which
individual, firm or corporation has no substantial interest, direct or indirect, in the District and in
the case of an individual, is not a member of the Board, or an officer or employee of the District,
and in the case of a firm or corporation, does not have a partner, director, officer or employee who
is a member of the Board or an officer or employee of the District.

“Insurance Agreement” means an agreement entered into between the
District and any Insurer pursuant to Section 213 of this Resolution.
“Insurance Policy” means the municipal bond new issue insurance policy, if any, issued by the Insurer that guarantees payment of principal of and interest on the Bonds when due.

“Insurer” means the issuer of the Insurance Policy, if any, as set forth in the Sale Certificate.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the District under the laws of the State.

“Moody’s” means Moody’s Investor Services, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses of the Wastewater System.

“Official Statement” means the Official Statement delivered in connection with the original issuance and sale of the Bonds.

“Operation and Maintenance Expenses” means all actual maintenance and operation costs of the Wastewater System in any particular period or charges made therefore during such period, but only if such charges are made in conformity with generally accepted accounting principles including amounts reasonably required to be set aside in reserves for items of operation and maintenance expenses the payment of which is not then immediately required.

Such operation and maintenance expenses include, but are not limited to, expenses for ordinary repairs, renewals and replacements of the Wastewater System, salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses, insurance expenses, legal, engineering, accounting, trustee, paying agent and financial advisory fees and expenses and costs of other consulting and technical services, taxes (except as set forth in the following paragraph), payments in lieu of taxes and other governmental charges, payments made to the United States Treasury pursuant to the Code or similar requirement to pay rebate, fuel costs, and any other current expenses or obligations required to be paid by the District by law, all to the extent properly allocated to the Wastewater System.

Such operation and maintenance expenses do not include depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the District, costs, or charges made therefore, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Wastewater System which under generally accepted accounting principles area properly chargeable to the capital account or the reserve for depreciation, do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Wastewater System nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of the District, and do not include any operation and maintenance expenses which are paid by the District revenues which do not constitute Gross Pledged Revenues.
“Outstanding” when used with reference to the Bonds, the Parity Bonds, or any other designated securities and as of any particular date means all the Bonds, the Parity Bonds, or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the Wastewater System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

a) Except any Bond, Parity Bonds, or other security canceled by the District, by any paying agent, or otherwise on the District’s behalf, at or before such date;

b) Except any Bond, Parity Bond, or other security deemed to be paid as provided in Section 1301 hereof or any similar provision of the resolution authorizing the issuance of such other security; and

c) Except any Bond, Parity Bond, or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to Sections 305, 306 or 1108 hereof or any similar provisions of the resolution authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Bond, Parity Bond, or other designated security.

“Parity Bonds” means the Prior Parity Bonds, and any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Bonds.

“Parity Bond Resolutions” means the Prior Parity Resolutions, and any resolutions or agreements hereafter entered into by the District with respect to Parity Bonds and, without duplication, any resolutions hereafter adopted by the Board authorizing the issuance of Parity Bonds.

“Paying Agent” means U.S. Bank National Association, in Denver, Colorado, and being an agent of the District for the payment of the Bond Requirements due in connection with the Bonds, the registrar for the Bonds and for other administration of moneys pertaining to the Bonds, and includes any successor Commercial Bank as paying agent.

“Paying Agent Agreement” means the Registrar and Paying Agent Agreement between the District and the Paying Agent.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the District), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Policy Costs” means repayment of draws under the Reserve Fund Insurance Policy, if any, plus all related reasonable expenses incurred by the Surety Provider, plus accrued interest thereon, or any similar costs related to a reserve fund insurance policy for Parity Bonds.
“Preliminary Official Statement” means the Preliminary Official Statement delivered in connection with the original issuance and sale of the Bonds.

“President” means the Chairman of the Board of Directors and President of the District.

“Prior Parity Bonds” means the 2009B Bonds, the 2012 Bonds and the 2017 Bonds.

“Prior Parity Resolutions” means the 2009 Resolution, the 2012 Resolution and the 2017 Resolution.

“Project” means, the land, facilities and rights constructed, installed, purchased and otherwise acquired for the Wastewater System, the cost of which is to be defrayed with a portion of the proceeds of the Bonds and which constitutes Capital Improvements.

“Purchaser” means Piper Jaffray & Co., Denver, Colorado.

“Purchase Contract” means the Bond Purchase Agreement between the District and the Purchaser concerning the purchase of the Bonds.

“Rate Stabilization Fund” means the special fund designated as the “Eagle River Water and Sanitation District Rate Stabilization Fund” described in Section 610 hereof.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Bonds and initially means Standard & Poor’s.

“Rebate Fund” means the special fund designated as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019, Rebate Fund” created pursuant to Section 609 hereof.

“Record Date” means the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

“Redemption Date” means the date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from Net Pledged Revenues in any notice of prior redemption or otherwise fixed and designated by the District.

“Reserve Fund” means the special fund designated as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019, Reserve Fund” created pursuant to 606 hereof.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond, irrevocable letter of credit or similar instrument deposited in or credited to the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein.

“Reserve Fund Requirement” means such amount, if any, as so provided in the Sale Certificate.
“Resolution” means this resolution of the District, which provides for the issuance and delivery of the Bonds.

“Sale Certificate” means the sale certificate of the District relating to the Bonds issued pursuant to the Supplemental Public Securities Act and described in Section 213 hereof.

“Special Record Date” means the record date for determining ownership of the Bonds for purposes of paying accrued but unpaid interest, as such date may be determined pursuant to this Resolution.

“Standard & Poor’s” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, its successors and its assigns.

“State” means the State of Colorado.

“Subordinate Securities” means securities payable from the Net Pledged Revenues subordinate, inferior and junior to the lien thereon of the Bonds and any Parity Bonds.

“Supplemental Public Securities Act” means Part 2 of Article 57 of Title 11, C.R.S., as amended.

“Surety Provider” means the Insurer or any other entity issuing a Reserve Fund Insurance Policy with respect to the Bonds.

“Tax Compliance Certificate” means the Tax Compliance and No Arbitrage Certificate executed by the District in connection with the initial issuance and delivery of the Bonds.

“Term Bonds” means Bonds that are payable on or before their specified maturing dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

“2009B Bonds” means the District’s Taxable Enterprise Wastewater Revenue Bonds (Direct Pay Build America Bonds), Series 2009B, issued pursuant to the 2009 Resolution.


“2012 Bonds” means the District’s Enterprise Wastewater Revenue Bonds, Series 2012, issued pursuant to the 2012 Resolution.


“Wastewater System” means the wastewater treatment system of the District, including the Project, as such wastewater system may be modified or expanded from time to time.

Section 102. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the District, the Board, the Paying Agent, the Insurer, the Surety Provider, the Owners of the Bonds and the Owners of any Parity Bonds or other securities payable from the Net Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Board, the Paying Agent, the Insurer, the Surety Provider, the Owners of the Bonds and the Owners of any such other securities in the event of such a reference.

Section 103. Ratification; Approval of Documents. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board, the officers, employees and agents of the District and otherwise taken by the District directed toward the Project and the sale and delivery of the Bonds for such purposes, be, and the same hereby is, ratified, approved and confirmed.

Section 104. Repealer. All bylaws, orders, resolutions or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order or resolution, or part thereof, heretofore repealed. All rules of the Board, if any, which might prevent the final passage and adoption of this Resolution as an emergency measure at this meeting of the Board be, and the same hereby are, suspended.

Section 105. Severability. If any section, subsection, paragraph, clause or other provision of this Resolution for any reason is invalid or unenforceable, the invalidity or unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this Resolution.

Section 106. Resolution Irrepealable. After any of the Bonds are issued, this Resolution shall constitute an irrevocable contract between the District and the Owner or Owners of the Bonds and this Resolution shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.
Section 107. **Conclusive Recitals.** Pursuant to Section 11-57-210 of the Supplemental Public Securities Act, the Bonds shall contain a recital that they are issued pursuant to the Supplemental Public Securities Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value. In addition, pursuant to Section 31-35-413, C.R.S., the Bonds shall contain a recital that they are issued pursuant to Title 31, Article 35, Part 4, C.R.S. Such recital shall conclusively impart full compliance with all the provisions of such statute, and Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Section 108. **Limitation of Actions.** Pursuant to Section 11-57-212 of the Supplemental Public Securities Act, no legal or equitable action brought with respect to any legislative acts or proceedings of the District in connection with the authorization or issuance of the Bonds, including but not limited to the adoption of this Resolution, shall be commenced more than thirty days after the authorization of the Bonds.

ARTICLE II

DETERMINATION OF THE DISTRICT’S AUTHORITY AND OBLIGATIONS; APPROVAL OF RELATED DOCUMENTS; AND ELECTION TO APPLY SUPPLEMENTAL PUBLIC SECURITIES ACT TO THE BONDS

Section 201. **Authorization.** The Bonds are issued in accordance with the Constitution and laws of the State and the provisions of this Resolution, specifically the Supplemental Public Securities Act; the Act; Title 31, Article 35, Part 4, C.R.S.; Title 37, Article 45.1, C.R.S.; and all other laws of the State thereunto enabling. For the purpose of defraying the cost of the Project, the District hereby authorizes to be issued the Bonds, in the aggregate principal amount provided in the Sale Certificate as approved by the President, the General Manager or the Finance Manager, subject to the parameters and restrictions contained in this Resolution.

Section 202. **Bonds Equally Secured.** The covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Bonds and any Outstanding Parity Bonds heretofore or hereafter authorized and issued, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of such securities over any other thereof, except as otherwise expressly provided in or pursuant to this Resolution.

Section 203. **Special Obligations.** All of the Bond Requirements of the Bonds and the Policy Costs shall be payable and collectible solely out of the Net Pledged Revenues, which revenues are so pledged; the Owner or Owners of the Bonds, the Insurer, or the Surety Provider may not look to any general or other fund for the payment of such Bond Requirements and Policy Costs, except the herein designated special funds pledged therefor; the Bonds and the Policy Costs shall not constitute an indebtedness or a debt within the meaning of any constitutional, or statutory provision or limitation; and the Bonds and the Policy Costs shall not be considered or held to be general obligations of
the District but shall constitute its special obligations. No statutory or constitutional provision enacted after the issuance of the Bonds shall in any manner be construed as limiting or impairing the obligation of the District to comply with the provisions of this Resolution or to pay the Bond Requirements of the Bonds and the Policy Costs as herein provided.

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein or in the Bonds shall ever impose or shall be construed as imposing any liability, obligation or charge against the District (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other revenue source (other than those pledged therefor).

Section 205. No Pledge of Property. The payment of the Bonds and the Policy Costs is not secured by an encumbrance, mortgage or other pledge of property of the District, except for the Net Pledged Revenues and other moneys pledged for the payment of the Bond Requirements of the Bonds. No property of the District, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds or the Policy Costs.

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the Bond Requirements of the Bonds or the Policy Costs or for any claim based thereon or otherwise upon this Resolution or any other resolution pertaining hereto, against any individual member of the Board or any officer, employee or other agent of the District, past, present or future, either directly or indirectly through the Board, or the District, or otherwise, whether by virtue of any penalty or otherwise, all such liability, if any, being by the acceptance of the Bonds and as part of the consideration of their issuance specially waived and released.

Section 207. Authorization of the Project. The Board, on behalf of the District, does hereby determine to undertake the Project, which is hereby authorized, and the proceeds of the Bonds shall be used therefor.

Section 208. Enterprise Status. The Board, on behalf of the District, hereby confirms its determination that the Combined System shall be an “enterprise” for the purposes of Article X, Section 20 of the State Constitution and Title 37 Article 45.1, C.R.S. In particular, the Combined System shall be owned by the District and shall have the power to issue revenue bonds in the manner and payable from the sources set forth in this Resolution.

Section 209. Sale of Bonds. The Bonds shall be sold by negotiated sale to the Purchaser. Pursuant to the Supplemental Public Securities Act, the Board hereby delegates to the President, the General Manager or the Finance Manager the authority to execute the proposal submitted by the Purchaser and to execute the Sale Certificate confirming the bond details set forth in Section 213.
Section 210. **Official Statement.** The preparation and use of the Preliminary Official Statement and of the final Official Statement are hereby authorized. The Finance Manager is hereby authorized to approve, on behalf of the District, the Official Statement, in substantially the form of the Official Statement relating to the District’s Enterprise Wastewater Revenue Crossover Refunding Bonds, Series 2017, with such modifications, changes and updates as are hereafter approved by the President, the General Manager or the Finance Manager. The execution of the Official Statement by the President, the General Manager, or the Finance Manager shall be conclusively deemed to evidence the approval of the form and contents thereof by the District.

Section 211. **Paying Agent Agreement.** The Board hereby determines to approve the Paying Agent Agreement. If the Paying Agent appointed thereunder shall resign, or if the District shall determine to remove the Paying Agent, then the District may appoint a successor Paying Agent, upon notice mailed to each owner of any Bond at his address last shown on the registration records maintained by the Paying Agent. No resignation or dismissal of the Paying Agent may take effect until a successor has been appointed and has accepted the duties of the Paying Agent. Every such successor Paying Agent shall be a Commercial Bank.

Section 212. **Other Related Documents.** The forms, terms and provisions of, and the performance by the District of its obligations under the Preliminary Official Statement, the Paying Agent Agreement, the Purchase Contract and the Continuing Disclosure Agreement are hereby approved, and the President or Vice President and the Secretary or Assistant Secretary are hereby authorized and directed to execute each of such documents on behalf of and in the name of the District, and to deliver each of such documents, in substantially the form on file with the Secretary, with such changes as are not inconsistent herewith. The President, the General Manager or the Finance Manager are hereby authorized to execute and deliver any Insurance Agreement as may be required by an Insurer relating to the issuance of the Insurance Policy or a Surety Provider relating to the Reserve Fund Insurance Policy. The execution of any instrument by the appropriate officers of the District herein authorized shall be conclusive evidence of the approval by the District of such instrument in accordance with the terms hereof.

Section 213. **Election to Apply Supplemental Public Securities Act to the Bonds.** Pursuant to Section 11-57-204 of the Supplemental Public Securities Act, a public entity, including the District, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Public Securities Act. The Board hereby elects to apply all of the provisions of the Supplemental Public Securities Act to the Bonds. Pursuant to Section 11-57-205 of the Supplemental Public Securities Act, the Board hereby delegates to the President, the General Manager or the Finance Manager the authority to make the following determinations with respect to the Bonds, subject to the parameters and restrictions contained in this Resolution, without any requirement that the Board approve such determinations:

(i) **Principal Amount.** The aggregate principal amount of the Bonds shall not exceed $31,250,000.
(ii) **Maturity Schedule.** The maximum annual and total repayment costs shall not exceed $2,000,000 and $60,000,000 respectively.

(iii) **Interest Rate.** The net effective rate of interest to be borne by the Bonds shall not exceed 6.00%.

(iv) **Redemption Provisions.** The Bonds shall be subject to optional redemption at such time or times as permitted by law and as set forth in the Sale Certificate, at a redemption price not to exceed 101%.

(v) **Purchase Price.** The purchase price of the Bonds shall not be less than 98% of the aggregate principal amount of the Bonds.

(vi) **Term of the Bonds.** The Bonds shall not mature later than December 1, 2050.

(vii) **Capitalized Interest.** The existence and amount of any capitalized interest shall be as forth in the Sale Certificate.

(viii) **Bond Insurance.** Any of the President, the General Manager or the Finance Manager may determine whether it is in the best interest of the District to obtain an Insurance Policy and/or a Reserve Fund Insurance Policy, and if so determined, to execute any Insurance Agreement, commitment or any other agreement relating to same.

Such determinations shall be evidenced by the Sale Certificate signed by the President, the General Manager or the Finance Manager dated and delivered as of the Closing Date, which shall not be more than one year from the date of adoption of this Resolution. If the District shall determine not to obtain an Insurance Policy to secure the payment of principal of and interest on the Bonds, or not to obtain a Reserve Fund Insurance Policy, any references to the Insurer, the Insurance Policy, the Reserve Fund Insurance Policy, the Surety Provider, Policy Costs, the Insurance Agreement, or other provisions relating to bond insurance shall be of no force or effect.
ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

Section 301. Bond Details.

A. Basic Provisions. The Bonds shall be issued in fully registered form (i.e., registered as to payment of both principal and interest), in denominations of $5,000 or any integral multiple thereof. The Bonds shall be lettered “R” and shall be numbered separately from 1 upward. The Bonds shall be dated as of the date of their delivery. The Bonds shall mature on December 1, in the years and amounts and subject to prior redemption as set forth herein and in the Sale Certificate. The Bonds shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from their date until their respective maturities (or prior redemption) at the rates set forth in the Sale Certificate. No interest shall accrue on any Bonds owned by or on behalf of the District. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each June 1 and December 1, commencing on the date provided in the Sale Certificate.

B. Payment of Bonds. The principal of each Bond shall be payable at the principal corporate trust office of the Paying Agent, or at such other office as the Paying Agent directs in writing to the Owners of the Bonds, or at the principal office of its successor, upon presentation and surrender of the Bond. Payment of interest on any Bond shall be made to the Owner thereof by the Paying Agent on or before each interest payment date, (or, if such interest payment date is not a Business Day, on or before the next succeeding Business Day), to such Owner at his or her address as it appears on the registration records kept by the Paying Agent on the Record Date; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date and the date fixed for payment of such defaulted interest shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the Owners not less than ten days prior to the Special Record Date by first-class mail to each such Owner as shown on the Paying Agent’s registration books on a date selected by the Paying Agent, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the Owner of such Bond and the Paying Agent. If any Bond is not paid upon its presentation and surrender at or after its maturity or prior redemption, interest shall continue at its stated rate per annum until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Section 302. Execution of Bonds. The Bonds shall be executed in the name of the District by the manual or facsimile signature of the President or the Vice President, shall be sealed with the corporate seal of the District or a facsimile thereof thereunto affixed, imprinted, engraved or otherwise reproduced and shall be attested by the manual or facsimile signature of the Secretary or the Assistant Secretary. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the District by any
person who, at the date of such act, shall hold the proper office, notwithstanding that at
the date of authentication, issuance or delivery, such person may have ceased to hold such
office. The President and the Secretary may adopt as and for his or her own facsimile
signature the facsimile signature of his or her predecessor in office in the event that such
facsimile signature appears on any of the Bonds. Before the execution of any Bond, the
President and the Secretary shall each file with the Colorado Secretary of State his or her
manual signature certified by him or her under oath.

Section 303. Authentication Certificate. The authentication certificate upon the
Bonds shall be substantially in the form and tenor provided in the form of the Bonds
attached to this Resolution as Exhibit A. No Bond shall be secured hereby or entitled to
the benefit hereof, nor shall any Bond be valid or obligatory for any purpose, unless the
certificate of authentication, substantially in such form, has been duly executed by the
Paying Agent and such certificate of the Paying Agent upon any Bond shall be conclusive
evidence that such Bond has been authenticated and delivered hereunder. The certificate
of authentication shall be deemed to have been duly executed by it if manually signed by
an authorized officer or employee of the Paying Agent, but it shall not be necessary that
the same officer or employee sign the certificate of authentication on all of the Bonds.

Section 304. Registration and Payment. The Paying Agent shall keep or cause
to be kept sufficient records for the registration and transfer of the Bonds, which shall at
all times be open to inspection by the District. Upon presentation for such purpose, the
Paying Agent shall, under such reasonable regulations as it may prescribe, register or
transfer or cause to be registered or transferred, on said records, Bonds as herein provided.
Except as provided in Section 306 hereof, the Person in whose name any Bond shall be
registered on the registration records kept by the Paying Agent shall be deemed and
regarded as the absolute owner thereof for the purpose of making payment of the Bond
Requirements thereof and for all other purposes; and payment of or on account of the
Bond Requirements of any Bond shall be made only to the Owner thereof or his or her
legal representative, but such registration may be changed upon transfer of such Bond in
the manner and subject to the conditions and limitations provided herein. All such
payments shall be valid and effectual to discharge the liability upon such Bond to the
extent of the sum or sums so paid. The foregoing provisions of this Section are subject
to the provisions of Section 307 hereof.

Section 305. Transfer and Exchange. Any Bond may be transferred upon the
records required to be kept pursuant to the provisions of Section 304 hereof by the Person
in whose name it is registered, in person or by his or her duly authorized attorney, upon
surrender of such Bond for cancellation, accompanied by delivery of a written instrument
of transfer in a form approved by the Paying Agent, duly executed. Whenever any Bond
or Bonds shall be surrendered for transfer, the Paying Agent shall authenticate and deliver
a new Bond or Bonds for a like aggregate principal amount and of the same maturity and
interest rate and of any authorized denominations. The Bonds may be exchanged by the
Paying Agent for a like aggregate principal amount of Bonds of the same maturity and
interest rate and of other authorized denominations. The execution by the District of any
Bond of any denomination shall constitute full and due authorization of such
denomination and the Paying Agent shall thereby be authorized to authenticate and deliver such Bond.

The Paying Agent shall not be required to transfer or exchange (a) any Bond subject to redemption during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day such notice is mailed, or (b) any Bond so selected for redemption in whole or in part after the mailing of notice calling such Bond or any portion thereof for prior redemption except the unredeemed portion of Bonds being redeemed in part.

The Paying Agent shall require the payment by any Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer, and may charge a sum sufficient to pay the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the District or the Paying Agent incurred in connection therewith.

The foregoing provisions of this Section are subject to the provisions of Section 307 hereof.

Section 306. Bond Replacement. Upon receipt by the District and the Paying Agent of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the District shall execute and the Paying Agent shall authenticate and deliver a new Bond of the same date, interest rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond, or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the District may pay such Bond. Any such new Bond shall bear a number not previously assigned. The applicant for any such new Bond may be required to pay all expenses and charges of the District and of the Paying Agent in connection therewith.

The foregoing provisions of this Section are subject to the provisions of Section 307 hereof.

Section 306. Bond Replacement. Upon receipt by the District and the Paying Agent of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and in the case of a mutilated Bond upon surrender and cancellation of the Bond, (a) the District shall execute and the Paying Agent shall authenticate and deliver a new Bond of the same date, interest rate and denomination in lieu of such lost, stolen, destroyed or mutilated Bond, or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the District may pay such Bond. Any such new Bond shall bear a number not previously assigned. The applicant for any such new Bond may be required to pay all expenses and charges of the District and of the Paying Agent in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

Section 307. Custodial Deposit.

A. Depository. Notwithstanding any contrary provision of this Resolution, the Bonds initially shall be evidenced by one Bond each of the same maturity and interest rate in denominations equal to the aggregate principal amount of the Bonds of the same maturity and interest rate. Such initially delivered Bonds shall be registered in the name of “Cede & Co.” as nominee for The Depository Trust Company, the securities depository for the Bonds. The Bonds may not thereafter be transferred or exchanged except:

1. to any successor of The Depository Trust Company or its nominee, which successor must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. and a
qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended; or

(2) upon the resignation of The Depository Trust Company or a successor or new depository institution under clause (1) or this clause (2) of this paragraph A, or a determination by the Board that The Depository Trust Company or such successor or a new depository institution is no longer able to carry out its functions, and the designation by the Board of another depository institution acceptable to the Board and to the depository then holding the Bonds, which new depository must be both a “clearing corporation” as defined in Section 4-8-102(a)(5), C.R.S. and a qualified and registered “clearing agency” under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of The Depository Trust Company or such successor new depository institution; or

(3) upon the resignation of The Depository Trust Company or a successor or new depository institution under clause (1) above or designation of a new depository institution pursuant to clause (2) above, or a determination of the Board that The Depository Trust Company or such successor or depository institution is no longer able to carry out its functions, and the failure by the Board, after reasonable investigation, to locate another depository institution under clause (2) to carry out such depository institution functions.

B. Successor. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) or (2) of paragraph A hereof, upon receipt of the outstanding Bonds by the Paying Agent together with written instructions for transfer satisfactory to the Paying Agent, a new Bond for each maturity and interest rate of the Bonds then outstanding shall be issued to such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a resignation or determination under clause (3) of paragraph A hereof and the failure after reasonable investigation to locate another qualified depository institution for the Bonds as provided in clause (3) of paragraph A hereof, and upon receipt of the outstanding Bonds by the Paying Agent, together with written instructions for transfer satisfactory to the Paying Agent, new Bonds shall be issued in authorized denominations as provided in and subject to the limitations of Sections 301, 304, and 305 hereof, registered in the names of such Persons, as are requested in such written transfer instructions; however, the Paying Agent shall not be required to deliver such new Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. Absolute Owner. The Board and the Paying Agent shall be entitled to treat the Owner of any Bond as the absolute owner thereof for all purposes hereof and any applicable laws, notwithstanding any notice to the contrary received by any or all of them and the Board and the Paying Agent shall have no responsibility for transmitting payments or notices to the beneficial owners of the Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph A hereof.

D. Payment. The Board and the Paying Agent shall endeavor to cooperate with The Depository Trust Company or any successor or new depository named pursuant to clause (1) or (2) of paragraph A hereof in effectuating payment of the principal amount of the Bonds upon maturity or prior redemption by arranging for payment in such a manner that funds representing such payments are available to the depository on the date they are due.
E. **Redemption.** Upon any partial redemption of any maturity and interest rate of the Bonds, Cede & Co. (or its successor) in its discretion may request the District to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the Bond must be presented to the Paying Agent prior to payment. The records of the Paying Agent shall govern in the case of any dispute as to the amount of any partial prepayment made to Cede & Co. (or its successor).

Section 308. **Bond Cancellation.** Whenever any Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Paying Agent for transfer, exchange or replacement as provided herein, such Bond shall be promptly canceled and destroyed by the Paying Agent.

Section 309. **Bond Form.** Subject to the provisions of this Resolution, each Bond shall be in substantially the form attached hereto as Exhibit A, with such omissions, insertions, endorsements and variations as to any recitals of fact or other provisions as may be required by the circumstances, be required or permitted by this Resolution, be consistent with this Resolution or be necessary or appropriate to conform to the rules and requirements of any governmental authority or any usage or requirement of law with respect thereto.

ARTICLE IV

**REDEMPTION**

Section 401. **Optional Redemption.** The Bonds will be subject to redemption at the option of the District from any legally available funds on the dates set forth in the Sale Certificate in whole, or in part from any maturity and interest rate, in any order of maturity and by lot within a maturity and interest rate, in such manner as the District may determine (giving proportionate weight to Bonds in denominations larger than $5,000), at a price set forth in the Sale Certificate.

Notwithstanding the foregoing, the Bonds may not be redeemed pursuant to this Section unless all Policy Costs, if any, due and owing at the time to the Surety Provider have been paid.

Section 402. **Mandatory Sinking Fund Redemption.** The Term Bonds, if any, shall be subject to mandatory sinking fund redemption at the times, in the amounts and at the prices provided in the Sale Certificate.

On or before the thirtieth day prior to each such sinking fund payment date, the Paying Agent shall proceed to call the Term Bonds, if any, as provided in the Sale Certificate (or any Term Bond or Term Bonds issued to replace such Term Bonds) for redemption from the sinking fund on the next December 1, and give notice of such call without further instruction or notice from the District.

At its option, to be exercised on or before the sixtieth day next preceding each such sinking fund Redemption Date, the District may (a) deliver to the Paying Agent for cancellation
Term Bonds subject to mandatory sinking fund redemption on such date in an aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Term Bonds of the maturity and interest rate subject to mandatory sinking fund redemption on such date, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Paying Agent and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond so delivered or previously redeemed will be credited by the Paying Agent at the principal amount thereof against the obligation of the District on such sinking fund date and such sinking fund obligation will be accordingly reduced. The District will on or before the sixtieth day next preceding each sinking fund Redemption Date furnish the Paying Agent with its certificate indicating whether or not and to what extent the provisions of (a) and (b) of the preceding sentence are to be availed with respect to such sinking fund payment. Failure of the District to deliver such certificate shall not affect the Paying Agent’s duty to give notice of sinking fund redemption as provided in this paragraph.

Section 403. Partial Redemption. In the case of Bonds of a denomination larger than $5,000, a portion of such Bond ($5,000 or any integral multiple thereof) may be redeemed, in which case the Paying Agent shall, without charge to the owner of such Bond, authenticate and issue a replacement Bond or Bonds for the unredeemed portion thereof.

Section 404. Notice of Prior Redemption. Notice of optional or mandatory redemption shall be given by the Paying Agent in the name of the District by sending a copy of such notice by first-class, postage prepaid mail, not more than sixty nor less than thirty days prior to the Redemption Date to each Owner at his address as it last appears on the registration books kept by the Paying Agent; but neither failure to give such notice nor any defect therein shall affect the redemption of any Bond. Such notice shall identify the Bonds to be so redeemed (if less than all are to be redeemed) and the Redemption Date, and shall further state that on such Redemption Date there will become and be due and payable upon each Bond so to be redeemed, at the principal office of the Paying Agent, the principal amount thereof, accrued interest to the Redemption Date, and the stipulated premium, if any, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the Bond or Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation thereof at the principal office of the Paying Agent, the Paying Agent will pay the Bond or Bonds so called for redemption. No further interest shall accrue on the principal of any such Bond called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the Redemption Date.

Notwithstanding the provisions of this Section, any notice of redemption shall either (a) contain a statement that the redemption is conditioned upon the receipt by the Paying Agent on or before the Redemption Date of funds sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the Owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed, or (b) be given only if funds sufficient to pay the redemption price of the Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.
Section 405. **Bonds Owned by the District.** Bonds owned by or on behalf of the District shall not be subject to redemption. At any time the District may surrender any Bonds owned by or on behalf of the District to the Paying Agent, which shall promptly cancel such Bonds.

Additionally, any securities payable from any Net Pledged Revenues held by the District shall not be deemed to be Outstanding for the purpose of redemption nor Outstanding for the purpose of consents hereunder or for any other purpose herein.

Section 406. **No Partial Redemption After Default.** Anything in this Resolution to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default hereunder of which an officer of the Paying Agent has actual knowledge, there shall be no redemption of less than all of the Bonds at the time Outstanding (other than pursuant to Section 402 hereof).

**ARTICLE V**

**USE OF BOND PROCEEDS AND OTHER MONEYS**

Section 501. **Disposition of Bond Proceeds.** The proceeds of the Bonds (net of underwriting discount), upon the receipt thereof, shall be accounted for in the following manner and priority:

a) **Reserve Fund.** An amount equal to the Reserve Fund Requirement as described in the Sale Certificate shall be credited to the special and separate account hereby created and to be known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019 Reserve Fund.”

b) **Capitalized Interest.** An amount designated in the Sale Certificate, if any, shall be deposited into the Bond Fund and used to pay capitalized interest.

c) **Acquisition Fund.** The remaining proceeds derived from the sale of the Bonds shall be credited to the special and separate account hereby created and to be known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019 Acquisition Fund.”

On the date of delivery of the Bonds, the District may pay from the net proceeds of the Bonds the premiums payable to the Insurer for its Insurance Policy and to the Surety Provider for its Reserve Fund Insurance Policy, if such are designated in the Sale Certificate, or may fund the Reserve Fund with proceeds of the Bonds.

Section 502. **Payment of Expenses.** Moneys deposited in the Acquisition Fund pursuant to Section 501 hereof may be used and paid out by the District to defray the administrative Costs of the Project, including, without limitation, amounts to be paid to the Paying Agent, legal fees, accounting fees, financial advisory fees, printing costs and rating fees. The District may defray any such administrative costs from time to time as Operation and Maintenance Expenses to the extent the moneys deposited in the Acquisition Fund pursuant to Section 501 hereof are insufficient therefor.
Section 503. **Completion of the Project.** When the Project is completed in accordance with the relevant plans and specifications and all amounts due therefor, including all proper incidental expenses and all administrative costs of the Project referred to in Section 502 hereof, are paid, or for which full provision is made, the Finance Manager, to the extent permitted by the Tax Compliance Certificate, shall cause all surplus moneys remaining in the Acquisition Fund, if any, except for any moneys designated in the certificate to be retained to pay any unpaid accrued costs or contingent obligations, to be transferred (a) to the Rebate Fund so as to enable the District to comply with Section 930 hereof, (b) to the Reserve Fund to such extent as shall not cause the amount in the Reserve Fund to exceed the Reserve Fund Requirement and (c) to the Bond Fund to the extent of any remaining balance of such moneys to be applied against the next principal payment or payments coming due on the Bonds. Nothing herein prevents the transfer from the Acquisition Fund to the Bond Fund, at any time prior to the termination of the Acquisition Fund, of any moneys which the Finance Manager by certificate determines will not be necessary for the Project and will not be designated to be transferred to the Rebate Fund.

Section 504. **Lien on Bond Proceeds.** Until the proceeds of the Bonds deposited in the Acquisition Fund are applied as herein provided, such Bond proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Bonds as provided in Section 601 hereof.

Section 505. **Purchaser Not Responsible.** The validity of the Bonds is not dependent upon nor affected by the validity or regularity of any proceedings relating to the application of the Bond proceeds. The Purchaser and any subsequent Owners of any of the Bonds are not responsible for the application or disposal by the District or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys herein designated.
ARTICLE VI

ADMINISTRATION OF AND ACCOUNTING FOR
PLEDGED REVENUES

Section 601. **Pledge Securing Bonds.** Subject only to the right of the District to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses of the Wastewater System, the Gross Pledged Revenues and, subject to the right of the District to cause amounts to be withdrawn to pay the Costs of the Project as provided herein and other than moneys and securities held in the Rebate Fund to the extent such amounts are required to be paid to the United States, all moneys and securities paid or to be paid to or held or to be held in any account under this Article or under Section 501 hereof are hereby pledged to secure the payment of the Bond Requirements of the Outstanding Bonds and to secure the obligations of the District to pay the Policy Costs. The pledge of the Net Pledged Revenues to secure the payment of the Bond Requirements of the Outstanding Bonds and the Parity Bonds is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of the Parity Bonds heretofore issued and any other Parity Bonds hereafter issued in compliance with the provisions of Article VIII hereof. The pledge of Net Pledged Revenues to secure the payment of the Policy Costs is subordinate only to the pledge to pay the Bond Requirements with respect to the Bonds and any Parity Bonds.

The pledge of the Net Pledged Revenues shall be valid and binding from and after the date of the delivery of the Bonds, and the moneys as received by the District and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the District except any Outstanding Parity Bonds heretofore or hereafter authorized and any Policy Costs as provided herein. The lien of the pledge of the Net Pledged Revenues and as described in this section shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the District (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 602. **Income Fund Deposits.** So long as any of the Bonds and any Parity Bonds shall be Outstanding, as to any Bond Requirements related to the Bonds and any Parity Bonds, the entire Gross Pledged Revenues, upon their receipt from time to time by the District, shall be set aside and credited immediately to the special and separate account hereby created and to be known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Gross Income Fund.”

Section 603. **Administration of Income Fund.** So long as any of the Bonds and any Parity Bonds shall be Outstanding, as to any Bond Requirements and Policy Costs related to the Bonds and any Parity Bonds, the following payments shall be made from the Income Fund, as provided in Sections 604 through 612 hereof.
Section 604. **Operation and Maintenance Expenses.** First, as a first charge on the Income Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Income Fund at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Income Fund as herein provided.

Section 605. **Bond Fund Payments.** Second, from any remaining Net Pledged Revenues, there shall be credited, concurrently with amounts required to meet the Bond Requirements with respect to any Outstanding Parity Bonds, to the special and separate account hereby created and to be known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019, Interest and Bond Retirement Fund,” the following amounts:

A. **Interest Payments.** Monthly, commencing on the first day of the calendar month immediately succeeding the delivery of the Bonds, to the Bond Fund, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the interest due and payable on the Outstanding Bonds on the next succeeding interest payment date.

B. **Principal Payments.** Monthly, commencing on the first day of the month immediately succeeding the delivery of any of the Bonds, or commencing on the first day of the month one year next prior to the first principal payment date of any of the Bonds, whichever commencement date is later, an amount in equal monthly installments necessary, together with any moneys therein and available therefor, to pay the principal and redemption premium, if any, due and payable on the Outstanding Bonds on the next succeeding principal payment date.

If prior to any interest payment date or principal payment date, there has been accumulated in the Bond Fund the entire amount necessary to pay the next maturing installment of interest or principal, or both, the payment required in paragraph A or B (whichever is applicable) of this Section 605 may be appropriately reduced; but the required annual amounts again shall be so credited to such account commencing on such interest payment date or principal payment date.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds then Outstanding, as such Bond Requirements become due, except as provided in Sections 607 and 1301 hereof. No interest or principal shall be paid on any Bonds owned by or on behalf of the District.

Section 606. **Reserve Fund Payments.** Upon delivery of the Bonds, if specified in the Sale Certificate, either proceeds of the Bonds, cash or a Reserve Fund Insurance Policy in the amount of the Reserve Fund Requirement being provided by Surety Provider shall be deposited in the special and separate account hereby created and to be known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019, Reserve Fund” in satisfaction of the Reserve Fund Requirement. Any Reserve Fund Insurance Policy deposited to the credit of the Reserve Fund shall be valued at the amount available to be drawn or otherwise paid pursuant to such Reserve Fund Insurance Policy.
at the time of calculation. The Paying Agent shall maintain adequate records as to the amount available to be drawn at any time under the Reserve Fund Insurance Policy and as to the amounts, of which it has knowledge, of Policy Costs paid and owing to the Surety Provider. Such records shall be open to inspection and verification by the Surety Provider during business hours of the Paying Agent.

Thereafter, third, except as provided in Section 607 and 608 hereof, and concurrently with any payments required to be made pursuant to any Parity Bond Resolutions with respect to any reserve funds which may be, but are not required to be, established thereby and concurrently with any repayment or similar obligations payable to any surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds, from any moneys remaining in the Income Fund there shall be credited to the Reserve Fund monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Reserve Fund for any reason are less than the Reserve Fund Requirement, such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the Reserve Fund Requirement by not more than 12 such monthly payments. If a Reserve Fund Insurance Policy is on deposit in the Reserve Fund to fund all or a part of the Reserve Fund Requirement, the amounts payable into the Reserve Fund pursuant to the immediately preceding sentence shall be paid by the District first to the Surety Provider to reimburse it for Policy Costs due and owing and second to replenish cash in the Reserve Fund. If there are insufficient Net Pledged Revenues to comply with the requirements of the first sentence of this paragraph, available Net Pledged Revenues shall be credited or paid to the Reserve Fund and to reserve funds which may be established by any Parity Bond Resolutions (or to the Surety Provider or any other surety provider issuing any reserve fund insurance policy with respect to any Parity Bonds) pro rata, based upon the aggregate principal amount of the Bonds and any such Parity Bonds then Outstanding; provided, however, that compliance with the provisions of this sentence shall not cure any Event of Default caused by non-compliance with the first sentence of this paragraph. If there are insufficient Net Pledged Revenues to comply with the requirements of the first sentence of this paragraph and more than one Reserve Fund Insurance Policy is on deposit in the Reserve Fund, available Net Pledged Revenues credited to or paid to the Reserve Fund shall be applied to reimburse the Surety Provider and any other surety provider providing a Reserve Fund Insurance Policy pro rata, based upon the original amount available to be drawn on each. The Reserve Fund Requirement shall be accumulated and, if necessary, re-accumulated from time to time, in the Reserve Fund from Net Pledged Revenues, except to the extent other moneys are credited to the Reserve Fund, and maintained as a continuing reserve to be used, except as hereinafter provided in Sections 607, 608, 704 and 1301 hereof, only to prevent deficiencies in the payment of the Bond Requirements of the Bonds Outstanding from time to time from the failure to deposit into the Bond Fund sufficient moneys to pay such Bond Requirements as the same accrue and become due. No payment need be made into the Reserve Fund at any time so long as the moneys and/or the Reserve Fund Insurance Policy therein equal not less than the Reserve Fund Requirement and there are no Policy Costs due and owing. The Reserve Fund Requirement shall be re-calculated upon (i) any principal payment, whether at stated maturity or upon redemption, or (ii) the defeasance of all or a portion of the Bonds.

The District may at any time substitute (a) cash or Investment Securities for a Reserve Fund Insurance Policy or (b) a Reserve Fund Insurance Policy for cash or Investment Securities, so long as the amount on deposit in the Reserve Fund after such substitution is at least equal to the Reserve Fund Requirement. Notwithstanding the foregoing, no Reserve Fund
Insurance Policy shall be deposited by the District in the Reserve Fund for such substitution unless the District has received an opinion of Bond Counsel to the effect that such substitution and the intended use by the District of the cash or Investment Securities to be released from the Reserve Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 607. Termination of Deposits. No payment need be made into the Bond Fund or the Reserve Fund if there are no Policy Costs due and owing and if the amount in the Bond Fund and the amount in the Reserve Fund (exclusive of the amount available under a Reserve Fund Insurance Policy) total a sum at least sufficient so that all Bonds Outstanding are deemed to have been paid pursuant to Section 1301 hereof, in which case moneys therein (taking into account the known minimum gain from any investment if such moneys in Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Bond Requirements of the Outstanding Bonds as the same become due; and any moneys in excess thereof in those two accounts and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the Wastewater System may be used to make required payments into the Rebate Fund or in any other lawful manner determined by the District, as directed in writing by the General Manager.

Section 608. Defraying Delinquencies. If at any time the District shall for any reason fail to pay into the Bond Fund the full amount above stipulated from the Net Pledged Revenues, then, subject to Section 610, an amount shall be paid into the Bond Fund at such time from the Reserve Fund equal to the difference between that paid from the Net Pledged Revenues and the full amount so stipulated. The District shall use all cash in the Reserve Fund before drawing on a Reserve Fund Insurance Policy. If, (i) upon notice from the District requesting a draw or (ii) failure of the Paying Agent to receive the Bond Requirements by the third Business Day prior to June 1 or December 1 in each year, the Paying Agent determines that it is necessary to draw on the Reserve Fund Insurance Policy, the Paying Agent shall present a demand for payment, in the form and manner required by the Reserve Fund Insurance Policy, at least two Business Days before funds are needed. If there is more than one Reserve Fund Insurance Policy on deposit in the Reserve Fund, the Paying Agent shall draw on them on a pro rata basis, based upon the amount available to be drawn on each.

Any money so used or drawn shall be replaced as provided in Section 606 hereof from the first Net Pledged Revenues thereafter received and not required to be otherwise applied by this Article. Except as provided in Section 606 hereof, the moneys in the Bond Fund and in the Reserve Fund (including any Reserve Fund Insurance Policy) shall be used solely and only for the purpose of paying the Bond Requirements of the Bonds from time to time.

If the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement for any reason, the amount to be released from the Reserve Fund shall be as directed in writing by the General Manager. Any excess amount released from the Reserve Fund may be deposited in the Bond Fund, or deposited into a defeasance escrow account, or may be applied for
other purposes, as directed in writing by the General Manager for such purposes authorized by law.

Section 609. Rebate Fund. Fourth, concurrently with any payments required to be made pursuant to any Parity Bond Resolutions with respect to any rebate funds established thereby, there shall be deposited into the special and separate account hereby created and to be known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019, Rebate Fund” moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the District to comply with Section 930 hereof. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this Resolution to the extent that such amounts are required to be paid to the United States Treasury. The District shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the District shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Acquisition Fund and, to the extent permitted by Section 608 hereof, from the Reserve Fund and the Bond Fund. Upon receipt by the District of an opinion of Bond Counsel to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess may be transferred to the Income Fund.

Section 610. Rate Stabilization Fund. Fifth, in order to help offset or reduce any increases in fees, rates and other charges to the users of the Wastewater System required by Section 921 hereof, the District has previously created a separate fund of the District known as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds Rate Stabilization Fund.” The Rate Stabilization Fund was funded in the amount of $600,000.

Moneys on deposit in the Rate Stabilization Fund shall be used only to pay the principal of and interest on the Bonds and the Parity Lien Bonds. The District may transfer moneys on deposit in the Rate Stabilization Fund to the Bond Fund at such times and in such amounts as determined by the Finance Manager or as directed by the Board. The District shall be required to transfer moneys on deposit in the Rate Stabilization Fund to the Bond Fund to the extent necessary to prevent a default in the payment of the principal of and interest due on the Bonds resulting from a deficiency of moneys on deposit in the Bond Fund. Any such required transfer of moneys from the Rate Stabilization Fund to the Bond Fund shall be made by the District prior to any draws being made on the Reserve Fund.

If at any time amounts on deposit in the Rate Stabilization Fund are less than $600,000 there shall be credited to the Rate Stabilization Fund monthly, commencing on the first day of the month next succeeding each date on which the moneys accounted for in the Rate Stabilization Fund for any reason are less than $600,000, Net Pledged Revenues in such amounts in substantially equal monthly payments on the first day of each month to re-accumulate the Rate Stabilization Fund to the required amount by not more than 12 such monthly payments. The Board may determine from time to time to increase, but not decrease, amounts on deposit in the Rate Stabilization Fund.
Section 611. Payment of Subordinate Securities. Sixth, and subject to the provisions hereinabove in this Article, but subsequent to the payments required by Sections 604, 605, 606, 609 and 610 hereof, any moneys remaining in the Income Fund may be used by the District for the payment of Bond Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities.

Section 612. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 602 through 611 hereof are made, any remaining Net Pledged Revenues in the Income Fund shall be used, firstly, for any one or any combination of reasonably necessary purposes and in the Board’s discretion relating to the operation, improvement or debt management of the Wastewater System and, secondly, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Board may from time to time conclusively determine.

ARTICLE VII

GENERAL ADMINISTRATION

Section 701. Administration of Accounts. The special accounts designated in Articles V and VI hereof shall be administered as provided in this Article (but not any account under Section 1301 hereof).

Section 702. Places and Times of Deposits. Except as hereinafter provided, each of such special accounts shall be maintained by the District as a book account and kept separate from all other accounts as a trust account solely for the purposes herein designated therefor. The moneys accounted for in such special book accounts may be in one or more bank accounts in one or more Commercial Banks. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Each periodic payment shall be credited to the proper book account not later than the date therefor herein designated, except that when any such date shall not be a Business Day, then such payment shall be made on or before the next preceding Business Day. Moneys shall be deposited with the Paying Agent for the Bonds not less than (a) three Business Days prior to each interest payment date and each maturity or mandatory Redemption Date, if funds are delivered by wire transfer, or (b) five Business Days prior to each payment date if funds are delivered by another method of payment, in immediately available amounts sufficient to pay the Bond Requirements then becoming due on the Outstanding Bonds.

Section 703. Investment of Moneys. Any moneys in the Acquisition Fund, the Income Fund, Bond Fund, Reserve Fund, the Rate Stabilization Fund, and the Rebate Fund that are not needed for immediate use shall be invested or reinvested by the Finance Manager in Investment Securities. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Finance Manager at the time of such investment.
or reinvestment; provided that (1) Investment Securities credited to the Reserve Fund shall not mature later than ten years from the date of such investment or reinvestment and (2) collateral securities of any Investment Securities may have a maturity of more than five years from the date of purchase thereof. For the purpose of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations.

Section 704. Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account hereunder shall be deemed at all times to be a part of the account. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Acquisition Fund, the Income Fund, the Bond Fund, the Rate Stabilization Fund, and the Rebate Fund shall be credited to such account, and any loss resulting from any such investments or reinvestments of moneys accounted for in the Acquisition Fund, the Income Fund, the Bond Fund, the Reserve Fund, the Rate Stabilization Fund, and the Rebate Fund shall be charged or debited to such Fund.

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Reserve Fund (a) shall be credited to the Rebate Fund or the Bond Fund, at the discretion of the Finance Manager, if the amount credited to the Reserve Fund immediately after such credit to the Rebate Fund or the Bond Fund is not less than the Reserve Fund Requirement and (b) if the amount credited to the Reserve Fund is less than the Reserve Fund Requirement, shall be credited to the Reserve Fund (up to the amount of the deficiency).

Any interest or other gain from any investment or reinvestment of moneys accounted for in the Rate Stabilization Fund (a) shall be credited to the Rate Stabilization Fund if the amount credited to the Rate Stabilization Fund immediately after such credit to the Rate Stabilization Fund is less than $600,000 and (b) if the amount on deposit in the Rate Stabilization Fund is equal to or greater than $600,000, any earnings on investments may be used for any lawful purpose.

No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the District until such gain is realized by the presentation of matured coupons for payment or otherwise.

Section 705. Redemption or Sale of Investment Securities. The Finance Manager shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Finance Manager
nor any other officer, employee or agent of the District shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this Resolution.

**Section 706. Character of Funds.** The moneys in any account designated in Articles V and VI hereof shall consist either of lawful money of the United States or Investment Securities, or both such money and such Investment Securities. Moneys deposited in a demand or time deposit account in a bank or savings and loan association, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

**Section 707. Payment of Bond Requirements.** The moneys credited to any fund or account designated in Article VI hereof for the payment of the Bond Requirements of any Bonds shall be used without requisition, voucher, warrant, further order or authority (other than is contained herein), or any other preliminaries, to pay promptly the Bond Requirements of any Bonds payable from such fund or account as such amounts are due, except to the extent any other moneys are available therefor.

**ARTICLE VIII**

**SECURITIES LIENS AND ADDITIONAL SECURITIES**

**Section 801. Lien on Bonds.** The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Pledged Revenues on a parity with the lien of the Net Pledged Revenues of the Parity Bonds. The Policy Costs constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues.

**Section 802. Equality of Bonds.** The Bonds and any Parity Bonds heretofore issued or hereafter authorized to be issued and from time to time Outstanding are equitably and ratably secured by a lien on the Net Pledged Revenues and amounts on deposit in the Rate Stabilization Fund and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues and amounts on deposit in the Rate Stabilization Fund regardless of the time or times of the issuance of the Bonds and any other such Parity Bonds, it being the intention of the Board that there shall be no priority among the Bonds and any such Parity Bonds regardless of the fact that they may be actually issued and delivered at different times, except that (a) moneys in the Acquisition Fund, the Bond Fund and Reserve Fund shall secure only the Bonds and the moneys in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds; (b) the BAB Credit payable with respect to the 2009B Bonds shall secure only the 2009B Bonds, and (c) other Parity Bonds may have a lien on Net Pledged Revenues on a parity with the lien thereon of the Bonds even if no Reserve Fund is established for such Parity Bonds or a Reserve Fund is established but with a different requirement as to the amount of moneys (or the value of a Reserve Fund insurance policy with respect to such Parity Bonds) required to be on deposit therein or the manner in which such Reserve Fund is funded or the period of time over which such Reserve Fund is funded.
Section 803. Issuance of Parity Bonds. Nothing herein prevents the issuance by the District of additional securities payable from the Net Pledged Revenues and constituting a lien thereon on a parity with, but not prior nor superior to, the lien thereon of the Bonds; but before any such additional Parity Bonds, except as provided in Section 808, are authorized or actually issued all of the following conditions are satisfied:

A. Absence of Default. At the time of the adoption of the resolution authorizing the issuance of the additional securities, the District shall not be in default in making any payments required by Article VI hereof or other Parity Bond Resolutions, including any payments of Policy Costs.

B. Historic Earnings Test. The Net Pledged Revenues for any 12 consecutive months out of the 18 months preceding the month in which such securities are to be issued are at least equal to the sum of 110% of the Combined Maximum Annual Principal and Interest Requirements of all outstanding indebtedness of the District during such 12 month period payable from the Net Pledged Revenues and such proposed indebtedness to be issued and the Combined Maximum Annual Principal and Interest Requirements on all indebtedness and other obligations payable from the Net Pledged Revenues.

C. Adjustment of Gross Pledged Revenues. In any computation under paragraph B of this Section, the amount of the Gross Pledged Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by an Independent Accountant, Independent Engineer or the Finance Manager, as the case may be, which results from any changes, which became effective not less than 60 days prior to the last day of the period for which Gross Pledged Revenues are determined, in any schedule of fees, rates and other charges constituting Gross Pledged Revenues based on the number of users during the applicable period as if such modified schedule of fees, rates and other charges shall have been in effect during such entire time period. However, the Gross Pledged Revenues need not be decreased by the amount of any such estimated loss to the extent the Independent Accountant, the Independent Engineer or the Finance Manager estimates the loss is temporary in nature or will be offset within a reasonable temporary period by an increase in revenues or a reduction in Operation and Maintenance Expenses not otherwise included in the calculations under this Section, and estimates any loss under this sentence will not at any time materially and adversely affect the District’s apparent ability to comply with the rate maintenance covenant stated in Section 921 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

D. Reduction of Annual Requirements. The respective annual Bond Requirements (including as such a requirement the amount of any prior redemption premiums due on any Redemption Date) shall be reduced to the extent such Bond Requirements are scheduled to be paid in each of the respective Fiscal Years with moneys held in trust or in escrow for that purpose by any Trust Bank, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

E. Consideration of Additional Expenses. In determining whether or not additional Parity Bonds may be issued as aforesaid, consideration shall be given to any probable increase (but not reduction) in the Operation and Maintenance Expenses of the Wastewater System
as estimated by the Finance Manager that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional securities; but the Finance Manager may reduce any such increase in Operation and Maintenance Expenses by the amount of any increase in revenues or any reduction in Operation and Maintenance Expenses resulting from the Capital Improvements to which such expenditure relates and not otherwise included in the calculations under this Section, if the Finance Manager also opines that any such increase in revenues or reduction in any increase in Operation and Maintenance Expenses will not materially and adversely affect the District’s apparent ability to comply with the rate maintenance covenant stated in Section 921 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

**Section 804. Certification of Revenues.** A written certificate or written opinion by the Finance Manager under Paragraph B of Section 803 that such annual revenues, when adjusted as hereinabove provided in paragraphs C, D, and E of Section 803 hereof, are sufficient to pay such amounts, as provided in paragraph B of Section 803 hereof, shall be conclusively presumed to be accurate in determining the right of the District to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

**Section 805. Subordinate Securities Permitted.** Nothing herein prevents the District from issuing additional securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

**Section 806. Superior Securities Prohibited.** Nothing herein permits the District to issue additional securities payable from the Net Pledged Revenues and having a lien thereon prior, senior and superior to the lien thereon of the Bonds.

**Section 807. Use of Proceeds.** The proceeds of any Parity Bonds or other securities payable from any Net Pledged Revenues shall be used only to finance Capital Improvements and/or to refund all or any portion of the Bonds, Parity Bonds, or other securities payable from Net Pledged Revenues, regardless of the priority or the lien of such securities on Net Pledged Revenues.

**Section 808. Issuance of Refunding Securities.** The District may issue any refunding securities payable from Net Pledged Revenues to refund any Outstanding Bonds, Parity Bonds or any Subordinate Securities hereafter issued, with such details as the Board may by resolution provide so long as there is no impairment of any contractual obligation imposed upon the District by any proceedings authorizing the issuance of any unrefunded portion of such Outstanding securities of any one or more issues; but so long as the Bonds, or any part thereof, are Outstanding, refunding securities payable from Net Pledged Revenues may be issued on a parity with the unrefunded Bonds only if:

A. **Prior Consent.** The District first receives the consent of the Owner or Owners of the unrefunded portion of the Bonds; or

B. **Requirements Not Increased.** The Combined Maximum Annual Principal and Interest Requirements for the Bonds and Parity Bonds Outstanding immediately after the issuance of the refunding securities is not greater than the Combined Maximum Annual Principal
and Interest Requirements for all Bonds and Parity Bonds Outstanding immediately prior to the issuance of the refunding securities and the lien of any refunding Parity Bonds on the Net Pledged Revenues is not raised to a higher priority than the lien thereon of any securities thereby refunded; or

C. **Earnings Test.** The refunding securities are issued in compliance with Paragraph B of Section 803 hereof.
ARTICLE IX

PROTECTIVE COVENANTS

Section 901. General. The District hereby covenants and agrees with the Owners of the Bonds and makes provisions which shall be a part of its contract with such Owners to the effect and with the purpose set forth in the following Sections of this Article.

Section 902. Performance of Duties. The District, acting by and through the Board or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the Wastewater System required by the Constitution and laws of the State and the various resolutions of the District, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or the use of the Wastewater System, as herein provided, and the proper segregation of the proceeds of the Bonds and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 903. Contractual Obligations. The District shall reasonably perform all contractual obligations undertaken by it under any agreements relating to the Bonds, the Gross Pledged Revenues, the Project, or the Wastewater System, or any combination thereof, with any other Persons.

Section 904. Further Assurances. At any and all times the District shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the District may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this Resolution and to comply with any instrument of the District amendatory thereof, or supplemental thereto. The District, acting by and through the Board, or otherwise, shall at all times, to the extent permitted by law, reasonably defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Bond hereunder against all claims and demands of all Persons whomsoever.

Section 905. Conditions Precedent. Upon the date of issuance of the Bonds, all conditions, acts and things required by the Federal or State Constitution, the Water Activity Act, the Supplemental Public Securities Act, the Act, this Resolution, or any other applicable law to exist, to have happened and to have been performed precedent to or in the issuance of the Bonds shall exist, have happened, and have been performed; and the Bonds, together with all other obligations of the District, shall not contravene any debt or other limitation prescribed by the State Constitution.
Section 906. **Efficient Operation and Maintenance.** The District shall at all times operate the Wastewater System properly and in a sound and economical manner; and the District shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Wastewater System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the District in connection with the maintenance, repair and operation of the Wastewater System shall be reasonable and proper.

Section 907. **Rules, Regulations and Other Details.** The District, acting by and through the Board, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Wastewater System. The District shall observe and perform all of the terms and conditions contained in this Resolution, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Wastewater System or to the District, except for any period during which the same are being contested in good faith by proper legal proceedings.

Section 908. **Payment of Governmental Charges.** The District shall pay or cause to be paid all taxes and assessments or other governmental charges, if any, lawfully levied or assessed upon or in respect of the Wastewater System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any governmental authority relative to the Wastewater System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The District shall not create or suffer to be created any lien upon the Wastewater System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by this Resolution for the payment of the Bond Requirements of the Bonds and except as herein otherwise permitted, including for Parity Bonds issued under the Parity Bond Resolutions. The District shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Wastewater System, or any part thereof, or the Gross Pledged Revenues; but nothing herein requires the District to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 909. **Protection of Security.** The District, the officers, agents and employees of the District, and the Board shall not take any action in such manner or to such extent as might materially prejudice the security for the payment of the Bond Requirements of the Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues or any Policy Costs relating thereto according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of any Owner of any Bond or other security payable from Net Pledged Revenues or any Policy Costs relating thereto might be prejudicially and materially impaired or diminished.
Section 910. **Prompt Payment of Bonds.** The District shall promptly pay the Bond Requirements of the Bonds at the places, on the dates and in the manner specified herein and in the Bonds according to the true intent and meaning hereof.

Section 911. **Use of Bond and Reserve Funds.** The Bond Fund and the Reserve Fund shall be used solely and only and the moneys credited to such accounts are hereby pledged for the purpose of paying the Bond Requirements of the Bonds to their respective maturities or any Redemption Date or Dates, subject to the provisions of Sections 606, 607, 608, 704 and 1301 hereof.

Section 912. **Other Liens.** Other than as provided herein, there are no liens or encumbrances of any nature whatsoever on or against the Wastewater System, or any part thereof, or on or against the Gross Pledged Revenues on a parity with or superior to the lien thereon of the Bonds.

Section 913. **Corporate Existence.** The District shall maintain its corporate identity and existence so long as any of the Bonds remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the District and is obligated by law to operate and maintain the Wastewater System and to fix and collect the Gross Pledged Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Bond.

Section 914. **Disposal of Wastewater System Prohibited.** Except for the use of the Wastewater System and services pertaining thereto in the normal course of business, or as provided in Section 915 hereof, neither all nor a substantial part of the Wastewater System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, until all the Bonds have been paid in full, as to all Bond Requirements, or unless provision has been made therefor, or until the Bonds have otherwise been redeemed, including, without limitation, the termination of the pledge as herein authorized; and the District shall not dispose of its title to the Wastewater System or to any useful part thereof, including any property necessary to the operation and use of the Wastewater System and the lands and interests in lands comprising the sites of the Wastewater System.

Section 915. **Disposal of Unnecessary Property.** The District at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the Wastewater System and not useful in the construction, reconstruction or operation thereof, or which shall cease to be necessary for the efficient operation of the Wastewater System, or which shall have been replaced by other property of at least equal operational value. Any proceeds of any such sale, exchange, lease or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the District in the Income Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the Wastewater System, or any combination thereof, as the Board may determine, provided that any proceeds of any such lease received shall be deposited by the District as Gross Pledged Revenues in the Income Fund.
Section 916. **Competing System.** So long as any of the Bonds are Outstanding, the District shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant in Section 921 hereof.

Section 917. **Loss From Condemnation.** If any part of the Wastewater System is taken by the exercise of the power of eminent domain, the amount of any award received by the District as a result of such taking shall be paid into the Income Fund or into a capital improvement account pertaining to the Wastewater System for the purposes thereof, or, applied to the redemption of the Outstanding Bonds and any Outstanding Parity Bonds relating thereto, all as the District may determine.

Section 918. **Employment of Management Engineers.** If the District defaults in paying the Bond Requirements of the Bonds, the Parity Bonds, and any other securities or Policy Costs relating thereto payable from the Gross Pledged Revenues promptly as the same fall due, or an Event of Default has occurred and is continuing, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the amount of the Bond Requirements of the Outstanding Bonds, Parity Bonds, and any other securities (including all reserves therefor specified in the authorizing proceedings, including, without limitation, this Resolution) or Policy Costs relating thereto payable from the Net Pledged Revenues in that Fiscal Year, the District shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the Wastewater System so long as such default continues or so long as the Net Pledged Revenues are less than the amount hereinabove designated in this Section.

Section 919. **Budgets.** The Board and officials of the District shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the Wastewater System.

Section 920. **Reasonable and Adequate Charges.** While the Bonds remain Outstanding and unpaid, the fees, rates and other charges due to the District for the use of or otherwise pertaining to and services rendered by the Wastewater System to the District, to its inhabitants and to all other users within and without the boundaries of the District shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the Wastewater System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Bond Requirements of all Bonds, the Parity Bonds, and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor.

Section 921. **Adequacy and Applicability of Charges.** There shall be charged against users of service pertaining to and users of the Wastewater System, including the District, except as provided by Section 922 hereof, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of this and the preceding Sections hereof. Such charges pertaining to the Wastewater System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:
A. **Operation and Maintenance Expenses.** An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year,

B. **Principal and Interest.** An amount equal to 110% of both the principal and interest on the Bonds and any Parity Bonds then Outstanding payable from the Net Pledged Revenues in that Fiscal Year (excluding the reserves therefor), and

C. **Deficiencies.** Any amounts required to pay all Policy Costs, if any, due and owing and all sums, if any, due and owing to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

When determining the principal and interest requirements due on the Bonds for a Fiscal Year for purposes of this Section 921, there shall be excluded from such principal and interest requirements amounts on deposit in such Fiscal Year in the Rate Stabilization Fund.

For purposes of (B) above, “interest” on BABs, including the 2009B Bonds, shall be treated as the amount of interest to be paid by the District on such BABs in such Fiscal Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on such BABs in that Fiscal Year and required by the resolution or other instrument authorizing such BABs to be used to pay interest on such BABs in that Fiscal Year or to reimburse the District for amounts already used to pay interest on such BABs in that Fiscal Year. If the BAB Credit is not expected to be received as of the date of such a calculation, “interest” shall be the total amount of interest to be paid by the District on such BABs without a deduction for the BAB Credit. The Finance Manager may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of this definition.

**Section 922. Limitations Upon Free Service.** No free service or facilities shall be furnished by the Wastewater System, except as hereinafter provided. If the District elects to use for District purposes any water facilities, or other services and facilities provided by the Wastewater System or otherwise to use the Wastewater System or any part thereof, any such use will be paid for from the District’s general fund or from other available revenues other than Gross Pledged Revenues at the reasonable value of the use so made. All the income so derived from the District shall be deemed to be income derived from the operation of the Wastewater System, to be used and to be accounted for in the same manner as any other income derived from the operation of the Wastewater System.

**Section 923. Levy of Charges.** The District shall forthwith and in any event prior to the delivery of any of the Bonds, fix, establish and levy the fees, rates and other charges which are required by Section 921 of this Resolution, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the Wastewater System may be made:

A. **Proper Application.** Unless the District has fully complied with the provisions of Article VI of this Resolution for at least the full Fiscal Year immediately preceding such reduction of the initial or any other existing rate schedule; and
B. **Sufficient Revenues.** Unless the audit required by the Independent Accountant by Section 927 hereof for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the Wastewater System, after the schedule’s proposed reduction, shall be at least sufficient to produce the amounts required by Section 921 hereof.

**Section 924. Collection of Charges.** The District shall cause all fees, rates and other charges pertaining to the Wastewater System to be collected as soon as is reasonable, shall reasonably prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the Wastewater System, and shall provide methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of this Resolution and any other resolution supplemental thereto.

**Section 925. Procedure for Collecting Charges.** All bills for water services and all other services or facilities furnished or served by or through the Wastewater System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

**Section 926. Maintenance of Records.** So long as any of the Bonds and any Parity Bonds payable from the Gross Pledged Revenues remain Outstanding, proper books of record and account shall be kept by the District, separate and apart from all other records and accounts.

**Section 927. Audits Required.** The District, within 60 days following the close of each Fiscal Year, shall order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each account pertaining to the Wastewater System and the Gross Pledged Revenues.

**Section 928. Accounting Principles.** Wastewater System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the Wastewater System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this Resolution.

**Section 929. Insurance and Reconstruction.** Except to the extent of any self-insurance, the District shall at all times maintain with responsible insurers fire and extended coverage insurance, worker’s compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the Wastewater System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the District and of each Owner of a Bond. If any useful part of the Wastewater System shall be damaged or destroyed, the District shall, as expeditiously as may be possible, commence and diligently proceed with the repair or replacement of the damaged
property so as to restore the same to use. The proceeds of any such insurance shall be payable to the District and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Income Fund by the District as revenues derived from the operation of the Wastewater System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Income Fund shall be used to the extent necessary for such purposes, as permitted by Section 612 hereof.

Section 930. **Federal Income Tax Exemption.** The District covenants for the benefit of the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, or (iii) would cause interest on the Bonds to lose its exclusion from Colorado taxable income and Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the District agrees to comply with the procedures set forth in the Tax Compliance Certificate. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Code have been met.

Section 931. **Continuing Disclosure.** The District shall comply with the provisions of the Continuing Disclosure Agreement. Any failure by the District to perform in accordance with this Section shall not constitute an Event of Default under this Resolution, and the rights and remedies provided by this Resolution upon the occurrence of an Event of Default shall not apply to any such failure. The Paying Agent shall not have any power or duty to enforce this Section. No Owner of a Bond shall be entitled to damages for the District’s non-compliance with its obligations under this Section; however, the Owners of the Bonds may enforce specific performance of the obligations contained in this Section by any judicial proceeding available.

**ARTICLE X**

**PRIVILEGES, RIGHTS AND REMEDIES**

Section 1001. **Owners’ Remedies.** Each Owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted in this Resolution, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in Sections 202 through 206 and 1201 hereof, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of the Bonds.
Section 1002. Right to Enforce Payment. Nothing in this Article affects or impairs the right of any Owner of any Bond to enforce the payment of the Bond Requirements due in connection with his or her Bond or the obligation of the District to pay the Bond Requirements of each Bond to the Owner thereof at the time and the place expressed in the Bond.

Section 1003. Events of Default. Each of the following events is hereby declared an “Event of Default,” provided however, that in determining whether a payment default has occurred pursuant to paragraphs A or B of this Section, no effect shall be given to payments made under the Insurance Policy:

A. Nonpayment of Principal. Payment of the principal of any of the Bonds is not made when the same becomes due and payable, either at maturity or by proceedings for prior redemption, or otherwise;

B. Nonpayment of Interest. Payment of any installment of interest on any of the Bonds is not made when the same becomes due and payable;

C. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Bond Resolution;

D. Failure to Reconstruct. The District unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Wastewater System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the Wastewater System;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the District appointing a receiver or receivers for the Wastewater System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the District is not vacated or discharged or stayed on appeal within 60 days after entry;

F. Default Under Insurance Agreement. If an event of default shall have occurred and be continuing under the provisions of the Insurance Agreement; and

G. Default of Any Provision. The District defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in this Resolution on its part to be performed (other than Section 931 hereof), and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the District and the Insurer specifying the failure and requiring that it be remedied, which notice may be given by the Paying Agent in its discretion and, except as provided in Section 1201 hereof, shall be given by the Paying Agent at the written request of the Owners of not less than 25 percent in aggregate principal amount of Bonds then Outstanding.
Section 1004. Remedies for Defaults. Except as provided in Section 1201 hereof, upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the District and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds under this Resolution by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any Owner of any Bond, or to require the District to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Owners of the Bonds. The District shall not be liable for incidental, punitive, exemplary or consequential damages, or for lost profits, whether direct or indirect. Acceleration shall not be a remedy upon the happening or continuance of any Event of Default.

Section 1005. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners hereunder, the consent to any such appointment being hereby expressly granted by the District, may enter and may take possession of the Wastewater System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the District itself might do.

Section 1006. Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond to proceed in any manner herein provided shall not relieve the District, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner shall not be deemed a waiver of any other right or privilege thereof.

Section 1007. Duties upon Defaults. Upon the happening of any Event of Default, the District shall do and perform all proper acts on behalf of and for the Owners of Bonds to protect and to preserve the security created for the payment of the Bonds and to insure the payment of the Bond Requirements promptly as the same become due. While any Event of Default exists, except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Bond Fund and into bond or similar funds established for any Parity Bonds then Outstanding, pro rata based upon the aggregate principal amount of the Bonds and Parity Bonds then Outstanding. Except as provided in Section 1201 hereof, if the District fails or refuses to proceed as in this Section provided, the Owner or Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Owners of the Bonds as hereinabove provided, and to that end any such
Owners of the Outstanding Bonds shall be subrogated to all rights of the District under any agreement, lease or other contract involving the Wastewater System or the Gross Pledged Revenues entered into prior to the effective date of this Resolution or thereafter while any of the Bonds are Outstanding.

ARTICLE XI

AMENDMENT OF RESOLUTION

Section 1101. Privilege of Amendments.

A. Except as hereafter provided, this Resolution may be amended or supplemented by resolutions adopted by the Board in accordance with law, without receipt by the District of any additional consideration, but with the written consent of the Insurer and, subject to Section 1201 hereof, the Owners of not less than a majority of aggregate principal amount of the Bonds Outstanding (or such higher percentage if required by a Parity Bond Resolution) at the time of the adoption of such amendatory or supplemental resolution excluding, pursuant to Section 101 B hereof, any Bonds which may then be held or owned for the account of the District. Notwithstanding the foregoing, no such resolution shall permit:

1. Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Bond; or

2. Reducing Return. A reduction in the principal amount of any Bond or the rate of interest thereon, without the consent of the Owner of the Bond; or

3. Prior Lien. The creation of a lien upon or a pledge of revenues ranking prior, superior and senior to the lien or to the pledge created by this Resolution; or

4. Modifying Any Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the Owners of which is required for any such modification or amendment; or

5. Priorities Between Bonds. The establishment of priorities as between Bonds issued and Outstanding; or

6. Modification of Less Than All the Bonds. The modification of or otherwise affecting the rights of the Owners of less than all of the Outstanding Bonds.

B. Notwithstanding the foregoing provisions of this Section, this Resolution and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time, with the written consent of the Insurer but without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any or all of the following purposes:

1. to add to the covenants and agreements of the District in this Resolution contained other covenants and agreements thereafter to be observed;
(2) to subject to the covenants and agreements of the District in this Resolution additional Wastewater System revenues, to be defined and treated as Gross Pledged Revenues, for the purpose of providing additional security for the Bonds and any Parity Bonds;

(3) in connection with the provision of a Reserve Fund Insurance Policy subsequent to the issuance of the Bonds;

(4) to provide for the appointment of a new Paying Agent;

(5) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this Resolution, or in regard to questions arising under this Resolution, as the District may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Bonds; or

(6) in order to preserve or protect the excludability from gross income for federal income tax purposes of the interest allocable to the Bonds.

Section 1102. Notice of Amendment. Whenever the Board proposes to amend or modify this Resolution under the provisions of this Article, it shall cause notice of the proposed amendment to be mailed to Owners of all Outstanding Bonds at their addresses as the same last appear on the registration records maintained by the Paying Agent and to the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file with the General Manager for public inspection. Notice of the proposed amendment, together with a copy of the proposed amendatory resolution, shall be delivered to the Rating Agencies then maintaining a rating on the Bonds at least 15 days in advance of the adoption of the amendment. A full transcript of all proceedings relating to the execution of such amendatory resolution shall be provided to the Insurer.

Section 1103. Time for Amendment. If the resolution is required to be consented to by the Owners of the Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed with the General Manager an instrument or instruments executed by the Owners of at least a majority of aggregate principal amount of the Bonds Outstanding (or such higher percentage if required by a Parity Bond Resolution), which instrument or instruments shall refer to the proposed amendatory resolution described in such notice and shall specifically consent to and approve the adoption of such resolution, the Board may adopt such amendatory resolution and such resolution shall become effective. If the resolution is not required to be consented to by the Owners of the Bonds, the amendatory resolution may be adopted by the Board at any time.

Section 1104. Binding Consent to Amendment. If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such amendatory resolution requiring consent of the Owners of the Bonds (or such higher percentage if required by a Parity Bond Resolution) or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as herein
provided, no Owner of any Bond, whether or not such Owner shall have consented to or
shall have revoked any consent as in this Article provided, shall have any right or interest
to object to the adoption of such amendatory resolution or to object to any of the terms or
provisions therein contained or to the operation thereof or to enjoin or restrain the District
from taking any action pursuant to the provisions thereof.

Section 1105. Time Consent Binding. Any consent given by the Owner of a Bond
pursuant to the provisions of this Article shall be irrevocable for a period of 6 months
from the date of the giving of the notice above provided for and shall be conclusive and
binding upon all future Owners of the same Bond during such period. Such consent may
be revoked at any time after 6 months from the date of such giving of such notice by the
Owner who gave such consent or by a successor in title by filing notice of such revocation
with the General Manager, but such revocation shall not be effective if the Owners of not
less than a majority in aggregate principal amount of the Bonds Outstanding (or such
higher percentage if required by a Parity Bond Resolution) as in this Article provided,
prior to the attempted revocation, consented to and approved the amendatory resolution
referred to in such revocation.

Section 1106. Unanimous Consent. Notwithstanding anything in the foregoing
provisions of this Article, the terms and provisions of this Resolution or of any resolution
amendatory thereof or supplemental thereto and the rights and the obligations of the
District and of the Owners of the Bonds thereunder may be modified or amended in any
respect upon the adoption by the District and upon the filing with the General Manager
of a resolution to that effect and with the consent of the Insurer and the Owners of all the
then Outstanding Bonds, such consent to be given as provided in Section 1103 hereof;
and no notice to Owners of Bonds shall be required as provided in Section 1102 hereof,
nor shall the time of consent be limited except as may be provided in such consent.

Section 1107. Exclusion of District’s Bonds. At the time of any consent or of
other action taken under this Article, the District shall furnish to the General Manager a
certificate of the Finance Manager, upon which the District may rely, describing all Bonds
to be excluded for the purpose of consent or of other action or of any calculation of
Outstanding Bonds provided for in this Article, and the District shall not be entitled with
respect to such Bonds to give any consent or to take any other action provided for in this
Article, as provided in Paragraph B of Section 101 hereof.

Section 1108. Notation on Bonds. Bonds authenticated and delivered after the
effective date of any action taken as in this Article provided may bear a notation by
endorsement or otherwise in form approved by the Board as to such action; and after the
approval of such notation, then upon demand of the Owner of any Bond Outstanding and
upon presentation of his or her Bond for that purpose at the principal office of the Paying
Agent, suitable notation shall be made on such Bond by the Paying Agent as to any such
action. If the Board so determines, new Bonds, so modified as in the opinion of the Board
conform to such action, shall be prepared, executed, authenticated and delivered; and
upon demand of the Owner of any Bond then Outstanding, shall be exchanged without
cost to such Owner for Bonds then Outstanding upon surrender of such Bonds.
Section 1109. Proof of Instruments and Bonds. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Bonds held by any Person executing such instrument, and the date of his or her holding the same may be proved as provided by Section 1303 hereof.

Section 1110. Copies of Supplemental Resolutions to Rating Agencies. Copies of any supplemental or amendatory resolution shall be sent by the District to the Rating Agencies at least 10 days prior to the effective date thereof.

ARTICLE XII

INSURANCE POLICY AND RESERVE POLICY PROVISIONS

Section 1201. Insurer To Be Deemed Owner, Rights of the Insurer, Payments by the Insurer: Notices.

A. Notwithstanding any provision of this Resolution to the contrary, so long as the Insurer is not in default in its payment obligations under the Insurance Policy, the Insurer shall at all times be deemed the sole and exclusive Owner of the Outstanding Bonds for the purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies pursuant to this Resolution, including but not limited to approval of or consent to any amendment of or supplement to this Resolution which requires the consent or approval of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding pursuant to this Resolution, including but not limited to approval of or consent to any amendment of or supplement to this Indenture which requires the consent or approval of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding pursuant to this Resolution (or such higher percentage if required by a Parity Bond Resolution); provided, however, that the Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding Bonds with respect to any amendment or supplement to this Indenture which seeks to amend or supplement this Indenture for the purposes set forth in clauses A (1) through A (6) of Section 1101 hereof, and provided, further, that the Insurer shall not have the right to direct or consent to District, Paying Agent or Owner action as provided herein, if:

1. the Insurer shall be in default under the Insurance Policy;

2. any material provision of the Insurance Policy shall be held to be invalid by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability thereof shall be contested by the Insurer; or

3. a proceeding shall have been instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Insurer and such proceeding is not terminated for a period of 90 consecutive days or such court enters an order granting the relief sought in such proceeding.

B. To the extent that the Insurer makes payment of any principal of or interest on a Bond, it shall be fully subrogated to all of the Owners’ rights thereunder in accordance with the terms of the Insurance Policy to the extent of such payment, including the Owners’ rights to payment thereof.
C. In the event that the principal of or interest on a Bond shall be paid by the Insurer pursuant to the terms of the Insurance Policy: (1) such Bond shall continue to be “Outstanding” under this Resolution, and (2) the Insurer shall be fully subrogated to all of the rights of the Owner thereof in accordance with the terms and conditions of paragraph B of this Section and the Insurance Policy.

D. This Resolution shall not be discharged unless and until all amounts due to the Insurer have been paid in full or duly provided for.

E. The rights granted under this Resolution to the Insurer to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit of or on behalf of the Owners, nor does such action evidence any position of the Insurer, positive or negative, as to whether Owner consent is required in addition to consent of the Insurer.

F. No modification, amendment or supplement to this Resolution shall become effective except upon obtaining the prior written consent of the Insurer.

G. No contract shall be entered into nor any action taken by the District or the Paying Agent pursuant to which the rights of the Insurer or security for or sources of payment of the Bonds under this Resolution may be impaired or prejudiced except upon obtaining the prior written consent of the Insurer.

ARTICLE XIII

MISCELLANEOUS

Section 1301. Defeasance. If, when the Bonds shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), then this Resolution and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied.

Payment of any Outstanding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if (a) in case said Bond is to be redeemed on any date prior to its maturity, the District shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 404 hereof, notice of redemption of such Bond on said Redemption Date, such notice to be given in accordance with the provisions of Section 404 hereof, (b) there shall have been deposited with the Paying Agent or a Trust Bank either moneys in an amount which shall be sufficient, and/or Federal Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Paying Agent or Trust Bank at the same time, shall be sufficient to pay when due the Bond Requirements due and to become due on said Bond on and prior to the Redemption Date or maturity date thereof, as the case may be, and (c) in the event said Bond is not by its terms subject to redemption within the next sixty days, the
District shall have given the Paying Agent in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 404 hereof, a notice to the Owner of such Bond that the deposit required by (b) above has been made with the Paying Agent or Trust Bank and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the Bond Requirements of said Bond. Neither such securities nor moneys deposited with the Paying Agent or Trust Bank pursuant to this Section or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Bond Requirements of said Bond; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Paying Agent or other Trust Bank, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in (b) of this paragraph maturing at times and in amounts sufficient to pay when due the Bond Requirements to become due on said Bond on or prior to such Redemption Date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Resolution, except for the purpose of any payment from such moneys or securities deposited with the Paying Agent or other Trust Bank.

The release of the obligations of the District under this Section shall be without prejudice to the right of the Paying Agent to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of and performance of its powers and duties hereunder.

Upon compliance with the foregoing provisions of this Section with respect to all Bonds then Outstanding, this Resolution may be discharged in accordance with the provisions of this Section but the liability of the District in respect of the Bonds shall continue; provided that the Owners thereof shall thereafter be entitled to payment only out of the moneys or Federal Securities deposited with the Paying Agent or other Trust Bank as provided in this Section.

**Section 1302. Delegated Powers.** The officers, employees and agents of the District be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Resolution, including, without limitation:

A. **Final Certificates.** the execution of such certificates as may be reasonably required by the Purchaser, including the Continuing Disclosure Agreement and Insurance Agreement, if any;

B. **Paying Agent Agreement.** the execution and delivery of an agreement with the Paying Agent as is necessary or desirable to evidence the acceptance by the Paying Agent of its duties hereunder;

C. **Official Statement.** the execution and delivery of the preliminary and final Official Statement; and

D. **Purchase Contract.** the execution and delivery of the Purchase Contract between the District and the Purchaser.
Section 1303. Evidence of Bond Owners. Any request, consent or other instrument which this Resolution may require or may permit to be signed and to be executed by the Owners of any Bonds may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such Owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by any Owner of any Bonds or his or her attorney of such instrument may be established by a certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the General Manager or Finance Manager of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of Bonds held by any Person and the numbers, date and other identification thereof, together with the date of his or her holding the Bonds, shall be proved by the registration records maintained by the Paying Agent.

Section 1304. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the District, the Paying Agent, the Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Paying Agent, the Insurer, the Surety Provider and the Owners of the Bonds.

Section 1305. Notices. Except as otherwise may be provided in this Resolution, all notices, certificates, requests or other communications pursuant to this Resolution shall be in writing and shall be sufficiently given and shall be deemed given by personal delivery or when mailed by first class mail, and either delivered or addressed as follows:

If to the District at:

Eagle River Water and Sanitation District
846 Forest Road
Vail, Colorado  81657
Attention: Finance Manager

With a copy to:

Collins Cockrel & Cole, P.C.
390 Union Blvd., Suite 400
Denver, Colorado  80228
Attn: James P. Collins, Esq.

If to the Paying Agent at:

U.S. Bank National Association
950 17th Street, 12th Floor
Denver, Colorado  80202
Attn: Corporate Trust Services

Any of the foregoing Persons may, by notice given hereunder to each of the other Persons, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 1306. **Additional Notices to Rating Agencies.** The Paying Agent hereby agrees that if at any time (a) the District shall redeem any portion of the Bonds Outstanding prior to maturity, but excluding redemptions pursuant to Section 402 hereof, (b) the District shall provide for the payment of any portion of the Bonds pursuant to Section 1301 hereof, (c) a successor Paying Agent is appointed hereunder, or (d) any supplement to this Resolution shall become effective or any Person shall waive any provision of this Resolution, then, in each case, the Paying Agent shall give notice to each Rating Agency.

Section 1307. **Business Days.** If the date for making any payment or the last date for performance of any act or the exercising of any rights, as provided in this Resolution, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Resolution, and no interest shall accrue for the period after such nominal date.
ADOPTED AND APPROVED this February 28, 2019.

Chairman/President

(SEAL)

Attest:

Secretary or Assistant Secretary
EXHIBIT A

(FORM OF BOND)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

UNITED STATES OF AMERICA

STATE OF COLORADO

COUNTY OF EAGLE

EAGLE RIVER WATER AND SANITATION DISTRICT

EAGLE COUNTY, COLORADO

ENTERPRISE WASTEWATER REVENUE BOND

SERIES 2019

No. R- $___________

INTEREST RATE MATURITY DATE DATED AS OF CUSIP

_____ % __________ __, 20__ [Date of Delivery] _________

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ______________________________________________ DOLLARS

The Eagle River Water and Sanitation District (the “District”), in the County of Eagle and State of Colorado (the “State”), for value received, hereby promises to pay to the registered owner specified above, or registered assigns, upon the presentation and surrender of this bond, solely from the special funds provided therefor, as hereinafter set forth, the principal amount set forth above on the maturity date specified above (unless this bond shall have been called for prior redemption, in which case on the Redemption Date) and to pay solely from such special funds interest hereon at the interest rate per annum specified above, payable semiannually on June 1 and December 1 in each year, beginning on [______], until the principal amount is paid or payment has been provided for, as described in a resolution adopted by the Board of Directors of the District on February 28, 2019 (the “Resolution”) as supplemented by the Sale Certificate. This is one of an authorized series of bonds issued under the Resolution (the “Bonds”). The Bonds are all issued under and equally and ratably secured by and entitled to the security of the Resolution. To the extent not defined herein, terms used in this Bond shall have the same meanings as set forth in the
Resolution. This Bond bears interest, matures, is payable, is subject to redemption and is transferable as provided in the Resolution.

Reference is made to the Resolution and to all Resolutions supplemental thereto, with respect to the nature and extent of the security for the Bonds, the accounts, funds or revenues pledged, rights, duties and obligations of the District, the Paying Agent [and the Insurer, the Surety Provider], the rights of the Owners of the Bonds, the events of defaults and remedies, the circumstances under which any Bond is no longer Outstanding, the issuance of additional bonds and the terms on which such additional bonds may be issued under and secured by the Resolution, the ability to amend the Resolution, and to all the provisions of which the Owner hereof by the acceptance of this Bond assents.


It is certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the District in the issuance of this Bond; that it is issued pursuant to and in strict conformity with the Constitution of the State, and with the Resolution and any resolutions supplemental thereto; and that this Bond does not contravene any Constitutional or statutory limitation.

This Bond is one of a series of bonds issued pursuant to the Resolution designated as the “Eagle River Water and Sanitation District, Enterprise Wastewater Revenue Bonds, Series 2019 (the “Bonds”) in the aggregate principal amount of $[__________]. The Bonds have been duly authorized for the purpose of providing moneys to defray a portion of the cost of extending, bettering or otherwise improving and equipping the wastewater system, (the “Wastewater System”).

It is also certified, recited, and warranted that the Bonds are issued under the authority of Title 32, Article 1, C.R.S.; Title 31, Article 35, Part 4, C.R.S., Title 37, Article 45.1, C.R.S., the Resolution, and the Supplemental Public Securities Act. It is the intention of the District, as expressed in the Resolution, that pursuant to Section 11-57-210, C.R.S., such recital shall be conclusive evidence of the validity and the regularity of the issuance of the Bonds after their delivery for value; and pursuant to Section 31-35-413, C.R.S., such recital shall conclusively impart full compliance with all the provisions of such statute and Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.
This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the certificate of authentication hereon shall have been duly executed by the Paying Agent.

IN WITNESS WHEREOF, the District has caused this Bond to be signed and executed in its name and upon its behalf with the facsimile signature of its President, has caused the facsimile of the seal of the District to be affixed hereon and has caused this Bond to be signed, executed and attested with the facsimile signature of its Secretary, all as of the date specified above.

By (For Facsimile Signature) ______________________
   Chairman of the Board and President of the District

(FACSIMILE SEAL)

Attest:

(For Facsimile Signature) ______________________
   District Secretary
STATEMENT OF INSURANCE

[TO BE PROVIDED IF BOND INSURANCE IS OBTAINED]
(FORM OF CERTIFICATE OF AUTHENTICATION)
CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within mentioned Resolution.

U.S. Bank National Association, as Paying Agent

By ____________________________

Authorized Signatory

Date of Authentication and Registration: ________________

(END OF FORM OF CERTIFICATE OF AUTHENTICATION)
ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto ___________________________ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ___________________________ to transfer the within Bond on the records kept for the registration thereof with full power of substitution in the premises.

Dated: _________________________

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17 Ad-15(a)(2).

Signature Guaranteed:

Signature must be guaranteed by a member of a Medallion Signature Program.

Address of Transferee:

_____________________________________________________

Social Security or other tax identification number of transferee:

_____________________________________________________

(END OF FORM OF ASSIGNMENT)
The following installments of principal (or portions thereof) of this Bond have been prepaid in accordance with the terms of the Resolution.

<table>
<thead>
<tr>
<th>Date of Prepayment</th>
<th>Principal Prepaid</th>
<th>Signature of Authorized Representative of DTC</th>
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(END OF FORM OF PREPAYMENT PANEL)

(END OF FORM OF BOND)
STATE OF COLORADO  
COUNTY OF EAGLE  
EAGLE RIVER WATER AND SANITATION DISTRICT  

I, George Gregory, the Secretary of the Eagle River Water and Sanitation District, Eagle County, Colorado (the “District”), do hereby certify that:

1. The foregoing pages are a true and correct, and complete copy of a resolution (the “Resolution”) passed and adopted by the Board of Directors (the “Board”) of the District at a regular meeting held on February 28, 2019.

2. The Resolution was duly moved and seconded, and the Resolution was adopted at the meeting of February 28, 2019, by an affirmative vote of a majority of the members of the Board as follows:

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<tr>
<th>Name</th>
<th>“Yes”</th>
<th>“No”</th>
<th>Absent</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stephen Friedman, Chairman of the Board and President</td>
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<td>Steve Coyer, Treasurer</td>
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<td>George Gregory, Secretary</td>
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<tr>
<td>Timm Paxson, Assistant Secretary/Treasurer</td>
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<td>Dick Cleveland, Assistant Secretary/Treasurer</td>
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<td>Brian Sipes, Assistant Secretary/Treasurer</td>
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<tr>
<td>Bill Simmons, Assistant Secretary/Treasurer</td>
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</tr>
</tbody>
</table>

3. The members of the Board were present at such meeting and voted on the passage of such Resolution as set forth above.

4. The Resolution was approved and authenticated by the signature of the Chairman of the Board and President, sealed with the District seal, attested by the Secretary and recorded in the minutes of the Board.

5. There are no bylaws, rules or regulations of the Board which might prohibit the adoption of said Resolution.

6. Notice of the meeting of February 28, 2019, in the form attached hereto as Exhibit A was posted in at least three public places within the limits of the District in accordance with law.
IN WITNESS-WHEREOF, I have hereunto set my hand and affixed the seal of said District this _____ day of February, 2019.

__________________________________________
Secretary

(SEAL)
Exhibit “A” to Secretary’s Certificate

(Attach Notice of Meeting)
BOARD ACTION REQUEST

TO: Board of Directors
FROM: James Wilkins, Director of Finance
DATE: February 28, 2019
RE: 2019 Wastewater Bond Debt Service Base Rate Resolution

Summary of Subject: Attached is a resolution to adopt a new bond fee, effective on or about January 1, 2020, for the purpose of paying bond debt service on the 2019 Wastewater Revenue Bonds.

Discussion and Background: The District has determined it is a best practice to clearly show the amount of a monthly customer bill that results from debt repayment for a revenue bond. The amount of the fee is determined by the anticipated debt service required for a bond in a given year divided by the number of single family equivalent ("SFE") units in the area benefitting from the bond proceeds.

Alternatives: The Board could choose to implement the fee sooner; historically the District has not changed the monthly fee until the next fiscal year.

Legal Issues: It is a legal requirement for the Board to adopt the new bond fee.

Budget Implication: The new fee, which will be effective no earlier than January 1, 2020, will cover the new debt service payments anticipated for the 2019 Vail Wastewater Revenue Bonds; the overall effect to the general fund will be neutral. The bond is anticipated to fund the first $30mm of regulatory required wastewater treatment plant upgrades that are projected to total about $106mm over the next 15 years.

Recommendation: Staff recommends the Board approve the attached resolution for the 2019 Revenue Bond Service Base Rate.

Suggested Resolution and Motion: I move to adopt the attached 2019 Wastewater Bond Debt Service Base Rate Resolution.

Attached Supporting Documentation:
2019 Wastewater Revenue Bond Debt Service Base Rate Resolution
RESOLUTION OF
EAGLE RIVER WATER AND SANITATION DISTRICT
TO ESTABLISH
2019 WASTEWATER BOND DEBT SERVICE BASE RATE

WHEREAS, Eagle River Water and Sanitation District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing special district pursuant to Title 32, Article 1, C.R.S., was created to provide water and sanitation services and facilities; and

WHEREAS, the Board of Directors (the “Board”) of the District expects, pursuant to one or more resolutions (collectively, the “Bond Resolution”), to authorize the issuance of one or more series of enterprise revenue bonds in 2019 (together with any subsequently issued refunding bonds, the “2019 Bonds”) payable from Net Pledged Revenues (defined below) of all or part of the District’s Wastewater System (the “Wastewater System”) to fund certain capital improvements for the Wastewater System (referred to herein as the “Project”); and

WHEREAS, the District currently has outstanding Taxable Wastewater Revenue Bonds (Direct Pay Build America Bonds), Series 2009B (the “2009B Bonds,” its Wastewater Enterprise Revenue Bonds, Series 2012 (the “2012 Bonds”) and its Wastewater Enterprise Revenue Crossover Refunding Bonds, Series 2017 (the “2017 Bonds”); and

WHEREAS, the Board has previously established its “2009 Wastewater Debt Service Rate” originally authorized by the Board by Resolution dated September 24, 2009, its “2012 Wastewater Debt Service Rate” authorized by the Board by Resolution dated November 15, 2012 and its “2017 Wastewater Bond Debt Service Base Rate” authorized by the Board by Resolution dated November 16, 2017; and

WHEREAS, the “Net Pledged Revenues” are the gross revenues of the Wastewater System less the costs of operations and maintenance of such system; and

WHEREAS, to the extent that Net Pledged Revenues are based solely on the District’s current rates, fees and charges for Wastewater System services (the “Current Fees”) as established by its Rules and Regulations, the District must estimate the amount of its Wastewater System revenues and expenses each year in advance and establish rates, fees and charges accordingly, thus exposing the District to the risk that lower-than-anticipated revenues or higher-than-anticipated expenses might generate Net Pledged Revenues insufficient to pay 110% (or such other percentage as may be required by the Bond Resolution) of the principal of and interest on the 2019 Bonds payable in the next fiscal year (the “2019 Bond Requirements”); and
WHEREAS, pursuant to the authority set forth in Sections 32-1-1001(1)(j) and 32-1-1006(1)(b), C.R.S., and its Service Plan, the District may establish rates, fees and charges for the Wastewater System; and

WHEREAS, the District desires to establish an annual base rate imposed on each customer of the Wastewater System (1) which will, with a high degree of certainty, generate Net Pledged Revenues sufficient to meet the 2019 Bond Requirements each year and (2) which will be apportioned on a reasonable basis among customers of the Wastewater System; and

WHEREAS, the Board has therefore decided to establish a base rate (the “2019 Wastewater Bond Debt Service Base Rate”) to pay the 2019 Bond Requirements, as further described herein, and has determined that imposition of such base rate will serve to promote the health, safety, prosperity, security and general welfare of the District, its residents and taxpayers as well as the customers of the Wastewater System.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Eagle River Water and Sanitation District as follows:

1. **Incorporation of Recitals.** The recitals set forth above in this Resolution are incorporated herein by reference.

2. **Imposition of 2019 Wastewater Bond Debt Service Base Rate; Continuance of 2009 Wastewater Debt Service Rate, 2012 Wastewater Debt Service Rate and 2017 Wastewater Debt Service Rate.**

   (a) After issuance of the 2019 Bonds, the District shall impose a 2019 Wastewater Bond Debt Service Base Rate upon each “SFE” (as defined in the Rules and Regulations) of the Wastewater System, to be calculated annually by dividing the next fiscal year’s Net 2019 Bond Requirements for the 2019 Bonds by the total number of SFEs in the District.

   (b) For each fiscal year, the “Net 2019 Bond Requirements” will equal the 2019 Bond Requirements less (i) interest on the 2019 Bonds’ debt service reserve fund expected to be received in such year, (ii) any legally available moneys which are appropriated by the Board to payment of 2019 Bond Requirements in such year, and (iii) the amount in the 2019 Water Debt Service Rate Account (defined below) remaining after payment of all principal of and interest payable on the 2019 Bonds for the prior year. The 2019 Wastewater Bond Debt Service Base Rate is expected to first be imposed beginning on or about January 1, 2020.

   (c) The Board hereby finds that the 2019 Water Debt Service Rate is fair and equitable, being charged to the customers of the Wastewater System, which
customers benefit from the Project, and which base rate is imposed on a basis reasonably related to the benefit attributable to such customers.

(d) The imposition of the 2019 Wastewater Debt Service Rate shall not impact the imposition of the 2012 Wastewater Debt Service Rate or the 2017 Wastewater Debt Service Rate. Per the Resolution establishing the 2017 Wastewater Debt Service Rate, the 2009 Wastewater Debt Service Rate shall be imposed and calculated for normal collection through November 30, 2019.

3. **Due Date, Billing and Collection.**

(a) The 2019 Wastewater Bond Debt Service Base Rate shall be due and payable in equal monthly installments in arrears.

(b) The billing and collection of the 2019 Wastewater Bond Debt Service Base Rate, including imposition of any delinquent interest or penalties, shall be governed by the then-current Rules and Regulations.

(c) Any and all revenues collected from the 2019 Water Debt Service Rate shall be deposited into a District account designated as the “2019 Water Debt Service Account”. Unless otherwise expressly authorized by the Board, amounts in such account shall be used exclusively to pay principal of and interest on the 2019 Bonds.

4. **Perpetual Lien.** Until paid in full, such 2019 Wastewater Bond Debt Service Rate, together with interest accrued thereon, shall constitute a perpetual lien against the affected property as provided and permitted by law.

5. **No Obligation to Impose 2019 Wastewater Bond Debt Service Base Rate.** The Board reserves the right to adjust or eliminate the 2019 Wastewater Bond Debt Service Base Rate at any time by subsequent resolution; provided, however, that in no event shall any action be taken that would reasonably be expected to (a) constitute an Event of Default under (i) the Bond Resolution or (ii) any other resolution authorizing, or any agreement evidencing, obligations secured by a lien on the Net Pledged Revenues (collectively, “Additional Obligations”) or (b) result in the collection of Net Pledged Revenues less than the Bond Requirements for the 2019 Bonds or any Additional Obligations, including without limitation the 2012 Bonds, the 2017 Bonds and (until December 1, 2019) the 2009B Bonds.

6. **2019 Wastewater Bond Debt Service Base Rate in Addition to Current Fees.** Except as described in Section 2(d) above, the District does not hereby eliminate any of its Current Fees. The Current Fees (or other fees, rates and charges of the District) shall be imposed in amounts sufficient to pay (a) “Operation and Maintenance Expenses” (as defined in the Bond Resolution), (b) the “coverage factor” for the 2019
Bonds (which shall be established in the Bond Resolution and which is expected to be an amount equal to 10% in excess of the Bond Requirements for the 2019 Bonds) and (c) the Bond Requirements and any “coverage factors” for any Additional Obligations. In addition, the Current Fees (or other fees, rates and charges of the District) shall be applied to any deficiency in the Bond Requirements for the 2019 Bonds if revenues derived from the 2019 Wastewater Bond Debt Service Base Rate are insufficient for such purpose.

7. Calculation and Billing of Water Debt Service Rates. The 2019 Water Debt Service Rate is separate and distinct from any comparable rate imposed for any Additional Obligations, and such rates shall be calculated separately for the Board’s consideration in each fiscal year budget. At the Board’s discretion, such rates may be itemized separately (to indicate their respective allocation to the 2019 Bonds and such Additional Obligations) or presented as a single “Water Debt Service Rate”. In addition, if the 2019 Bonds are refunded in the future, the name of the 2019 Wastewater Bond Debt Service Base Rate may be changed by staff to reflect the series of the refunding bonds.

8. Severability. If any part, section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid, such invalidity shall not affect the validity of the remaining provisions.

9. Effective Date. This Resolution shall take effect and be of full force and effect immediately.

[Remainder of Page Intentionally Left Blank]
ADOPTED this 28th day of February, 2019.

Eagle River Water and Sanitation District

By: ________________________________
   Stephen Friedman, Chairman/President

Attest:

______________________________
George D. Gregory, Secretary
BOARD ACTION REQUEST

TO: Eagle River Water and Sanitation District, Board of Directors
    Upper Eagle Regional Water Authority, Board of Directors

FROM: Maureen Mulcahy, Customer Service Manager

DATE: February 20, 2019

RE: Revisions to Appendices A and G of the Rules and Regulations

Summary of Subject: Update of Appendices A and G of the Rules and Regulations to (1) comply with Colorado Department of Public Health and Environment Backflow Prevention and Cross Connection Control requirements and (2) establish a basis for staff to implement the District and Authority BPCCC program in compliance with these requirements.

Discussion and Background: On October 19, 2018, CDPHE issued a violation to the Authority for failure to develop a written BPCCC program containing all requirements as specified under Section 11.39(2)(a) of the Colorado Primary Drinking Water Regulations. Subsequently, Appendix G was rewritten using applicable regulations and guidance documents, and with input from technical experts on staff and working in the community. Staff is proposing a backflow program noncompliance fine be added to Appendix A to aid in implementation of the BPCCC program. These revisions were reviewed by Customer Service staff, members of the management team, legal counsel, and the construction review team, and comments have been incorporated.

Alternatives: Updates are necessary to bring the BPCCC program into compliance with CDPHE requirements; however, the Board may direct staff to undertake further revisions.

Legal Issues: Legal counsel has reviewed the revisions. CDPHE staff have reviewed the revisions, and per correspondence from CDPHE dated February 11, 2019, these revisions adequately resolve the violation issued to the Authority during the August 2018 sanitary survey for failure to have a written BPCCC program in place that meets all CDPHE requirements.

Budget Implication: None

Recommendation: Staff recommends that the Board approve the revised Appendices A and G, as presented.

Suggested Resolution and Motion: I move to approve the revised Appendices A and G as presented.

Attached Supporting Documentation:
Appendices A and G

Thank you for your consideration of these revisions. Please let me know if you have any questions or comments regarding the proposed revisions.
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<thead>
<tr>
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<td><strong>Other Fee/Fine Description</strong></td>
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<td>Fire Hydrant Relocation Fee</td>
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<td>Liens Fee for Unpaid Charges</td>
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<td>Recording Fee</td>
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<td>Service Turn-Off Fee for Remodel or Construction</td>
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<td>System and /or Meter Tampering Fine</td>
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<td>Turn-Off and Turn -On Fee for Unpaid Charges</td>
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<tr>
<td>Unauthorized Use Fine</td>
</tr>
<tr>
<td>Waste Hauler Discharge Annual Permit Fee</td>
</tr>
<tr>
<td>Waste Hauler Discharge Fee</td>
</tr>
<tr>
<td><strong>Backflow Program Noncompliance Fine</strong></td>
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</table>
APPENDIX G

BACKFLOW PREVENTION AND CROSS CONNECTION CONTROL (BPCCC) PROGRAM

Last Approved Revision: January 28, 2019
SECTION I – GENERAL

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1.1 Purpose

Uncontrolled cross connections have the potential to cause severe health risks to customers of the water distribution system. Uncontrolled cross connections are not permitted.

Water services shall be designed, installed, retrofitted, and maintained in such a manner so as to prevent contamination from nonpotable liquids, solids or gases being introduced into the potable water supply through cross connections or any other piping connections. Customers shall design, install, maintain, upgrade, test, and inspect backflow prevention assemblies and backflow prevention methods in accordance with these rules and regulations.

Customers shall permit authorized representatives of the district to access their property for the purpose of surveying, testing, and inspecting backflow prevention assemblies and backflow prevention methods, in accordance with Article I, 1.12 of these rules and regulations, Authority to Access Customer Property.

All laws and regulations apply as of the adoption of these Rules and Regulations, regardless of the age of the Water Service and/or the age of the building, home, facility or structure served. No “grandfathering” of this requirement exists or shall be asserted.

1.2 Applicability

1.2.1 Commercial and Multi-Family Applications

An approved backflow prevention assembly or method is required for all commercial and multi-family water services where the following exist:

a. Fire suppression systems;
b. Irrigation systems including dedicated irrigation connected directly to the water main;
c. Chemical process systems, including chemicals connected for temporary maintenance;
d. Hydronic heating and cooling systems, industrial boilers, chillers, cooling towers, double wall heat exchangers and solar panels;
e. Auxiliary water sources, display fountains, hot tubs, pools, reclaimed water systems, graywater systems and onsite storage tanks; and
f. Any other connection that poses unacceptable risk to public health.
1.2.2 Types of Commercial Applications

An approved backflow prevention assembly or method is required for the following types of commercial and industrial service connections:

a. Dry cleaning and laundries;
b. Mortuaries;
c. Hair salons;
d. Laboratories;
e. Auto repair shops;
f. Car washes;
g. Bulk fill water stations;
h. Restaurants;
i. Hospitals, dental facilities, medical facilities and clinics, and blood banks;
j. Veterinary, pet stores, and livestock facilities;
k. Manufacturing facilities;
l. Green houses and agricultural commerce; and
m. Other commercial and industrial service connections that pose unacceptable risk to public health.

1.2.3 High Risk Single-Family Residential Applications

An approved backflow prevention assembly or method is required for single-family residential water services where any of the following conditions exist:

a. Dedicated irrigation lines (from the water main);
b. Dedicated fire suppression system lines and chemically enhanced fire suppression systems (multi-purpose fire suppression systems are not required to be controlled where each branch of the suppression system terminates at a regularly used fixture);
c. Auxiliary water sources (e.g. wells, ponds, lagoons, irrigation ditches), hot tubs or swimming pools piped with permanent plumbing, reclaimed water systems, graywater systems, or onsite water storage tanks with permanent plumbing;
d. Connections to a home’s potable water supply system from home business and hobbies including but not limited to agricultural commerce and hydroponic systems, doctor’s offices, photo laboratories, hide tanning operations, and metal plating operations; and
e. Any other connection that poses unacceptable risk to public health.
2.1 Approval

All assemblies and methods shall be approved in writing by the District prior to installation.

For new construction and remodels, in cases where an uncontrolled cross connection is identified, or where the existing assembly or method does not meet District requirements, or as required by the District, the Customer shall submit a New Account Application with a complete set of building plans including assembly or method design, approved by the applicable building permit authority.

Existing assemblies and methods that do not meet the requirements of the District shall be replaced with an approved assembly or method within 60 days of notification by the District or a certified cross-connection control technician. Uncontrolled cross connections shall be controlled within 120 days of discovery.

All costs for design, installation, maintenance, testing, repair and replacement are the responsibility of the Customer.

2.2 Required Assembly or Method based on Application and Identified Contaminant

The District will evaluate each submittal and application using industry standards outlined in manuals such as the Colorado Cross-Connection Control Manual, the EPA Cross-Connection Control Manual and the current Manual of Cross-Connection Control (USC Manual) to evaluate which backflow prevention assembly or backflow prevention method is appropriate. Such industry standards are outlined in table 2.2.1.

Reduced pressure zone backflow assemblies are required for high-risk applications, except where otherwise specifically approved in writing by the District.
### 2.2.1 Table. Assembly and method applications

<table>
<thead>
<tr>
<th>Assembly or Method Type</th>
<th>Abbreviation</th>
<th>Typical Appropriate Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Testable Assemblies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced Pressure Zone Backflow Prevention Assembly</td>
<td>RPZ</td>
<td>Appropriate for any identified contaminant except direct connections to sewer or installations which may impair the integrity of the assembly to function as designed.</td>
</tr>
<tr>
<td>Reduced Pressure Zone Fire Protection Backflow Prevention Assembly</td>
<td>RPF</td>
<td>Appropriate for cross connections to fire suppression systems.</td>
</tr>
<tr>
<td>Reduced Pressure Zone Detector Fire Protection Backflow Prevention Assembly</td>
<td>RPD</td>
<td></td>
</tr>
<tr>
<td>Double Check Backflow Prevention Assembly</td>
<td>DC</td>
<td>Appropriate for cross connections to fire suppression systems except when upstream of a chemical other than food grade glycerin.</td>
</tr>
<tr>
<td>Double Check Fire Protection Backflow Prevention Assembly</td>
<td>DCF</td>
<td></td>
</tr>
<tr>
<td>Double Check Detector Fire Protection Backflow Prevention Assembly</td>
<td>DCD</td>
<td></td>
</tr>
<tr>
<td>Pressure Vacuum Breaker Backflow Prevention Assembly</td>
<td>PVB</td>
<td>Not appropriate for direct connections to sewer or installations which may impair the integrity of the assembly to function as designed. Not appropriate for connections subject to backpressure.</td>
</tr>
<tr>
<td>Spill-Resistant Vacuum Breaker</td>
<td>SVB</td>
<td></td>
</tr>
<tr>
<td>Colorado Plumbing Code</td>
<td>CPC</td>
<td>Appropriate for Backflow Prevention Assemblies or Methods installed in accordance with the most recent version of the CPC.</td>
</tr>
<tr>
<td><strong>Methods</strong></td>
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<td></td>
</tr>
<tr>
<td>Air Gap</td>
<td>AG</td>
<td>Appropriate for any identified contaminant. All cross connections can be controlled using an air gap installed in accordance with standard AMSE A112.1.2.</td>
</tr>
<tr>
<td>Block and Bleed Valve or Double Block and Bleed Valve</td>
<td>BB</td>
<td>Appropriate for membrane chemical-clean-in-place and filter-to-waste at supplier’s facilities.</td>
</tr>
</tbody>
</table>
Additional criteria:

a. All valves and assembly plumbing should be approved by the local fire protection jurisdiction.

b. Dry fire systems shall have an approved double check valve installed upstream of the air pressure valve.

c. All multi-family cross connections will be controlled using a containment assembly or method.

d. All premises with irrigation that is separate from the domestic water system must have an RPZ assembly.

2.3 Installation

a. Refer to the meter assembly and vault diagrams located in Appendix B of these rules and regulations (Water and Wastewater Service Line Construction) for proper configuration.

b. Backflow prevention assemblies shall be installed in accordance with instructions and approved designs.

c. All backflow assemblies must be testable.

d. All backflow assemblies and methods shall be installed in the horizontal position. Assemblies manufactured and identified for other alignments may be installed if such installations are in accordance with the design and approved by the District.

e. A pressure type vacuum breaker shall not be used where the assembly will be subjected to back pressure and shall be installed a minimum of 12 inches above the highest piping or outlet downstream of the assembly in a manner to preclude back pressure, but no higher than 60 inches above ground level.
f. An atmospheric non-pressure type vacuum breaker shall be used only where:
   i. The assembly is never subjected to more than 12 hours continuous pressure;
   ii. The assembly is installed with the air inlet in a level position and a minimum of six inches above the highest piping or outlet it is protecting; and
   iii. No valves are installed downstream of atmospheric non-pressure type vacuum breakers.

g. A single or a dual check valve shall not be considered to be a backflow prevention assembly.

h. A double check valve assembly may only be installed in a below-grade vault when the vault is properly constructed in accordance with approved plans, is adequate based on the degree of hazard, and is insulated to prevent freezing.

i. A reduced pressure backflow prevention assembly shall be used only if:
   i. The assembly will not be submerged;
   ii. There is a drain twice the diameter of the service to daylight;
   iii. It is installed in a horizontal position; and
   iv. It is installed a minimum of 12 inches and a maximum of 36 inches from the floor.

j. Basement installations may be made where:
   i. There is a drain large enough to accommodate the maximum flow of water the assembly is capable of discharging under twice the normal static pressure for the system. Refer to flow chart in Colorado Cross Connection Control Manual, Appendix D Discharge Flow Rate;
   ii. An acceptable high water alarm system is installed;
   iii. There are no electrical components in the general area of the assembly;
   iv. Only factory-supplied funnels are used to remove the periodic discharge from the assembly; and
   v. The piping system must have an adequate Air Gap at the termination of the run.

k. The reduced pressure backflow prevention assembly shall be kept from freezing.
SECTION II – APPROVAL, DESIGN, AND INSTALLATION

l. The assembly must be tested by a certified inspector when installed. If an assembly fails testing, it must be corrected within 60 days of the original install date.

m. In no case is it permissible to connect the relief valve discharge on the reduced pressure assembly to a sump, drainage ditch, or other source of potential contamination.

n. All backflow prevention assemblies shall be installed in an accessible location to facilitate maintenance, testing, and repair.

o. All backflow prevention assemblies shall be installed downstream of the water meter. No connections shall be made between the assembly and the meter.

p. Before installing a backflow prevention assembly, pipelines must be thoroughly flushed to remove foreign material.

q. Test cocks shall not be used as supply connections.

SECTION III – TESTING AND MAINTENANCE

3.1 Testing

Backflow prevention assemblies shall be tested by a certified cross connection control technician within forty-eight (48) hours of turn on of the water service. Assemblies shall be tested at least annually thereafter. For high hazard applications, the district may require more frequent testing. The tests shall be made at the expense of the customer. Records of all such tests, repairs, or replacement shall be kept by the Customer and a copy shall be submitted to the District. Methods shall be inspected upon installation and annually thereafter.

The result of each test shall be submitted to the District and shall contain the following information:

a. Assembly or method type
b. Assembly or method location
c. Assembly make, model and serial number
d. Assembly size  
e. Test date  
f. Test results including all results that would justify a pass or fail outcome  
g. Certified cross connection control technician certification agency  
h. Technician’s certification number  
i. Technician’s certification expiration date  
j. Test kit manufacturer, model, and serial number  
k. Test kit calibration date

Test kit certification must be submitted to the District annually by testers.

The District may test or otherwise check the installation and operation of any backflow prevention assembly at any time to assure proper operation.

The Customer’s backflow prevention assembly shall be repaired or replaced at the expense of the Customer whenever the assembly is found to be defective or if the assembly fails the annual test. This repair or replacement must take place within 60 days of the original failed test. Failure to correct failed devices within 60 days may result in disconnection of water service and fines.

3.2 Maintenance

Backflow prevention assemblies shall be regularly inspected and maintained at a frequency deemed necessary to maintain the proper functioning of the assembly.

SECTION IV - SURVEYS

The District conducts surveys to assess customer compliance with the Backflow Prevention and Cross Connection Control Program. Surveys may consist of a physical inspection or a questionnaire that the customer is required to complete and submit to the District. Authorized representatives of the District, upon presentation of a work order and identification, shall be permitted to enter upon a Customer’s property at all reasonable times for the purpose of conducting a survey.

Upon receipt of a questionnaire, the Customer shall submit all of the required information and documentation as requested by the District to evaluate the existence of cross connection(s) and/or assemblies or methods, and to determine their type,
SECTION IV – SURVEYS

adequacy, maintenance history, and any other information necessary to determine compliance with these rules and regulations and the Colorado Primary Drinking Water Regulations.

The Customer shall provide this information by the deadline indicated on the questionnaire. If the District has not received all required information by the deadline, a fine may be assessed. An additional fine may be levied for each additional month until all required information is received by the District. Water service to the Customer is subject to disconnection 60 days after the due date of the questionnaire if the required information has not been received by the District.

SECTION V - ENFORCEMENT

Service of water to any premises may be discontinued by the District if a backflow prevention assembly or method required by these rules and regulations is not installed, tested, and maintained, or if it is found that a backflow prevention assembly or method has been removed, or bypassed, or if an uncontrolled cross connection exists on the premises. Service will not be restored until such conditions or defects are corrected and approved by the District. All expenses incurred by the District shall be the responsibility of the customer.

Customers may be fined per month per violation for backflow noncompliance, as indicated in Appendix A of these rules and regulations.

Failure of the Customer to install, maintain, test, inspect, repair, or replace their backflow prevention assembly or method shall be considered a violation of these Rules and Regulations and subject to Section 3.6, Violator’s Liability.

Service of water to a Customer may be revoked per Article I, Discontinuance or Revocation of Service, if a cross connection is found to exist on a Customer’s property. Service may also be revoked when any defect is found in an installed backflow prevention assembly, or if a backflow prevention assembly or method has been removed or bypassed. Reinstatement of service is subject to Article I, Reinstatement of Service.
References

1. C.R.S. 25-1-114, 25-1-114.1, (Colorado Department of Public Health and Environment (CDPHE)).
3. Water Quality Control Division-Cross-Connection Control Manual, CDPHE.
5. Colorado Plumbing Code and/or the International Plumbing Code.
<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Date Executed</th>
<th>Change Order signed on</th>
<th>Project Name</th>
<th>Contractor</th>
<th>Amount</th>
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<td>360 Civil, Inc.</td>
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<td>Spraddle Creek BPS Painting</td>
<td>APEX Inspection &amp; Consulting, LLC</td>
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<td>Carter Keller</td>
<td>10.3.2.20.30.112</td>
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<td>19.15.021</td>
<td>02/14/19</td>
<td></td>
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<td>Advanced Engineering and Environmental Services, Inc. (AE2S)</td>
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## Vail Trailblazer Award

Rick Sackbauer and Paul Testwuide led the effort to nominate Glenn Porzak for this award, which was created for the 50th anniversary of Vail by the Vail Town Council in 2016. Glenn was selected as this year’s recipient, joining Dr. Tom Steinberg, Vi and Byron Brown, and Pepi and Sheika Gramshammer as previous honorees. The cover letter and nomination form are attached to this report. Glenn will be honored at a small luncheon hosted by the Town of Vail on March 12.

## Minor Intergovernmental Agreement

Today I executed an intergovernmental agreement with the Town of Vail to share the cost of a sewer main related to the construction of the Red Sandstone Parking Garage. Our contribution is to upgrade existing infrastructure in the area to facilitate system maintenance. A copy of the IGA is attached to this report.

## Annual Meeting of the West Slope Fund

The Colorado River Cooperative Agreement (CRCA) between Denver Water and seventeen West Slope water interests called for the establishment of a fund to manage revenue from the West Slope Charge. To this end, the West Slope Fund was established in 2014 and is administered by the River District. The fund provides after-the-fact mitigation to the West Slope for water historically trans-basin diverted from the West Slope. Per the CRCA, the funds may be used for water supply, watershed, and water quality projects that benefit the West Slope of Colorado. They may not be used for litigation.

The West Slope Charge is imposed by Denver Water on water sold or leased to users outside of the Denver Water 2010 Service Area; this is primarily the area served by the WISE Project.

The first-ever meeting of the West Slope signatories group was on Feb. 14. Decisions are made by a board consisting of representatives of the seventeen West Slope signatories to the CRCA. I serve as the representative for the District and Authority; Kathy Chandler-Henry also serves on the board for Eagle County.

The fund has accrued $67,000 since its inception; no money has been spent to date, except for administrative costs. Revenues are expected to plateau around $323,000/yr. by 2021. The board adopted the River District’s investment policy in concept at the meeting for monies sitting in the fund. A draft will be circulated in the next few weeks, after which the group will develop a structure to consider how disbursements will be made. The next board meeting is anticipated in a year.
December 10, 2018

Dear Vail Trail Blazer Award Selection Committee:

We, the undersigned, believe the efforts and achievements by Glenn Porzak regarding the procurement and protection of water rights for Vail, the Vail area and the Western Slope now and into the future deserve high praise and are worthy of the “Vail Trail Blazer Award.”

Grand Traverse Peak, which overlooks Vail and the Gore Valley, had a summit register. A summit register is a metal canister, with a cap that can be screwed tight to prevent moisture and whatever else from entering. Inside was a pen and a sheet of paper with the name and dates of those who had previously reached the summit.

It was no great surprise to see the signature of Glenn Porzak. Why of course he would climb a mountain like that? He was an accomplished mountaineer who had twice ascended Everest, the world’s highest peak. Even then he had a deep relationship with Vail, as the lead water attorney for both Vail Associates, as the ski company was then known, and water districts in Vail and the upper Eagle River Valley. Glenn would want to climb a tall mountain to get a big picture.

Those of us that are nominating Glenn for Vail’s Trailblazer Award wonder if what he saw from the Gore summit were the challenges and opportunities with the cities of Denver, Aurora and Colorado Springs. Was he envisioning drought and what he could do to keep Arizona, California and Nevada from taking Vail’s water? Could he see the Climax Mine atop Fremont Pass? How about Wolcott and its proposed reservoir? With his love of the outdoors was he dreaming of Vail with snowboarders, mountain bikers and kayakers?

One of Glenn’s first memories of Vail was when Ricky Andenmatten, the namesake of Ricky’s Ridge, allowed him on his rope to climb the Matterhorn. Ricky asked Glenn if he had “skied his ridge”. The following winter Glenn broke trail on Ricky’s ski run. Ever since then he has blazed a trail for Vail.

The big picture of any mountain resort town has to include water infrastructure. Yes, there must be pipes, reservoirs, ditches, diversions and, before any of that, decrees delivered in courts of law. Before skiers there were ranchers and miners in Colorado, and those folks adopted the legal foundation of a doctrine called prior appropriation. This doctrine of “first in time, first in right” seems simple enough, but the application is anything but simple. The legal process is tortured and tedious. It requires sharp eyes and at times, skilled negotiation. That’s what Glenn Porzak delivered and continues to deliver to Vail.

This devotion to the good of Vail could no doubt be told in a hundred or perhaps a thousand concrete examples. Let three suffice. One example goes back to the late 1980’s and early 1990’s. Both Vail and the upper Eagle Valley by then were growing beyond the water infrastructure of the earlier era. Drying up Gore Creek to make snow was not an option, whether legal to do so or not. Somehow, water needed to be impounded when it was relatively plentiful, for use during autumn and early winter, when streams and creeks are normally at their
lowest. Christmas, the high point of a ski town’s financial cycle, falls very inconveniently at the low of the annual hydrological cycle.

If Vail survived well enough for its first 15 years without snowmaking augmentation, the drought of 1976-77 showed just how traumatic the absence of snow could be. Another drought, if somewhat less severe, followed in 1980-81. Snowmaking use has expanded almost every year, but by the early 1990’s a future was clear enough that choices would have to be made.

Vail responded in two ways. One was expansion of the reservoir at Vail Pass. It’s called Black Lakes. The other response showed a huge spark of creativity. The very headwaters of the Eagle River is Fremont Pass, and above this pass the Climax Mine. The mine had shut in 1981 and reopened only fitfully. Porzak had the idea of pressing some of the mine’s infrastructure into service for water storage. It took cleanup, it took negotiations, and it took money. But, it happened. Eagle Park Reservoir became that terribly important extra bucket of water needed to ensure water remained in the Eagle River and in Gore Creek, even as water was diverted to make snow. A pumping plant was installed at Dowd Junction to deliver the water from the Eagle River to the snowmaking reservoirs on Vail Mountain.

The second evidence for Porzak’s role in looking out after the water interests of Vail and the upper Eagle Valley occurred in 2010. The Colorado Water Cooperative Agreement was announced, representing a new era in Colorado water that had been evolving since the early 1990’s. In this broad and sweeping agreement, Denver Water laid out its future with Western Slope water interests from Winter Park to Vail, as well as those downstream in the Colorado River Basin. Suffice to say that Vail fared very well in that Agreement. Denver relinquished its claims under the aforementioned prior appropriation doctrine to water in the Gore Valley as well as in the Camp Hale area.

Third, Glenn believed that water left in a stream could be put to beneficial use. No one else had ever dreamed like this. He envisioned the kayak course on Gore Creek. Springtime in Vail used to be an opportunity to watch snow melt and mud form. Now, thanks to Glenn, we have the Go Pro Games (using water that Denver was to have taken to the eastern slope until Glenn took them to court where they abandoned it). He battled for Vail all the way to the Colorado Supreme Court and WON.

Yes, Porzak was a legal beagle for hire. He was presumably compensated well. But the simple fact does not diminish his role in creating the water infrastructure essential for the successful operation of the Vail resort community. Even in the headwaters, a place that can get 300 inches of snow in a year, water simply cannot be taken for granted.

One final story: in 2002, a year of drought, a reporter was interviewing a water official. That land east of Wolcott, said the water official with a smile, was a land known in the water world as “Porzakistan”.
Glenn Porzak is a true trail blazer and Vail has been the beneficiary of his efforts. It is with great pride in the community Vail has become, that we submit this application for your consideration.

Sincerely,

Bob Armour
Dick Cleveland
Andy Daly
Ludwig Kurz
Kim Langmaid, PH.D.
Timm Paxon
Kent Rose
Rick Sackbauer
Paul Testwuide
David Viele,
Vail Trail Blazer

Nominating Person(s) Name(s), (in Alphabetical Order)

Bob Armour – Former Mayor of Vail, Former Board Member, Eagle River Water & Sanitation District, bobalouvail@aol.com, 970-390-8285, 2668 Arosa Drive Apt A, Vail, CO 81657

Dick Cleveland – Former Mayor of Vail, Current Board Member of Eagle River Water & Sanitation District, invcleveland@gmail.com, 970-471-0336, 2586 Arosa Drive, Vail, CO 81657

Andy Daly – Former Mayor of Vail, Former President and CEO of Vail Associates, Former President of Vail Resorts, Inc., skidaly100@gmail.com, 970 331-8245, 782 Potato Patch Drive, Vail, CO 81657

Ludwig Kurz – Former Mayor of Vail, Former Board Member, Eagle River Water & Sanitation District, ludik@comcast.net, 970-390-5088, 2725 Bald Mountain Road, Vail, CO 81657

Kim Langmaid, Ph.D. – Current Vail Town Council Member, Former Board Member, Eagle River Water & Sanitation District, Kimberly.langmaid@gmail.com, 970-376-2879

Timm Paxon – Current Board Member, Eagle River Water & Sanitation District, timmpaxon@comcast.net, 970 331-1566, 2215 Alpine Drive (East Unit) Vail, CO 81657

Kent Rose – Former Mayor of Vail, Former Board Member, Eagle River Water & Sanitation District, krr172@icloud.com, 970 376-6135, PO Box 1170, 172 Bunkhouse Place, Eagle, CO 81631

Rick Sackbauer – Former Board Chairman, Eagle River Water & Sanitation District sackbauer@aol.com, 970-331-1961, 433 Gore Creek Drive #14, Vail CO 81657

Paul Testwuide – Former Senior Vice President and Chief Operating Officer of Vail and Beaver Creek, Former Board Member, Eagle River Water & Sanitation District, paultestwuide@msn.com, 970-331-4227, 4123 S. Little Point, Avon, CO 81620

David Viele, Former Board Member, Eagle River Water & Sanitation District, david@vieleandcompany.com, 970 445-0561

Nominee Information:

Who exemplifies the spirit and fortitude in making Vail a great community with lasting impacts?

Name of Nominee(s)

Glenn Porzak

Email: gporzak@pbblaw.com

Phone 303-443-6800

Address 2120 13th Street, Boulder, CO 80302

Describe connection to Vail
Work, own a business, own property

Water Rights Attorney, Porzak, Browning and Bushong LLP, with offices in Boulder and Vail (mid 1990’s – mid 2000’s, Manor Vail 2000 - 2013

Describe in detail the nominee(s)’ “pioneering contributions” in the boxes below. Please include specific example(s) for each of the nomination criteria. Contributions need not be limited to achievements immediately preceding the year of the award but may be cumulative over a period of years.

Time / Years:

Glenn served as Vail Associates’ Water Law Counsel starting 1975, and later, in conjunction with Vail Associates, as counsel for the current and predecessor entities of the Eagle River Water & Sanitation District and Vail Water Sub-district, which provides water and sanitation services to the Town of Vail.

Talent

Glenn graduated from the University of Colorado with a Bachelor of Arts degree in Political Science in 1970 and from CU Law School with a Juris Doctorate in 1973. He was admitted to the Colorado Bar Association in 1973. Glenn is the founding partner of Porzak, Browning and Bushong, LLP., a firm representing water and land use interests. The firm is located in Boulder, CO.

Glenn climbed Mount Everest, was among the first to complete the “Seven Summits”, was the first to climb all named Peaks in Rocky Mountain National Park, and climbed extensively in the Gore Range.

On behalf of his clients, Glenn negotiated and secured the in-basin water storage required to support continued development and snowmaking in Vail, while also ensuring that local streams do not run dry. He negotiated the only trans-continental diversion from the Eastern to Western Slope of Colorado from the Arkansas well to the Climax mine.

Courage

Glenn established Recreational In-Channel Diversion (RICD) as a new category of beneficial water use under Colorado water law. The decree for the Vail RICD, located at the Gore Creek Promenande and epicenter of the annual spring GoPro Games, was the test case for the new use, which Glenn argued successfully before the Colorado Supreme Court May 12, 2003.

Leadership
Glenn lead negotiations of the Eagle River Memorandum of Understanding (MOU), an important document that secured a future supply of water to the growing community of Vail and surrounding towns and communities. The MOU limited the amount of water the Front Range cities of Aurora and Colorado Springs could trans-basin divert from the Eagle River basin, forever protecting local stream flows and fisheries from out-of-basin development interests.

Glenn lead negotiations of the Colorado River Cooperative Agreement, a broadly scoped agreement between Denver Water and local and West Slope water providers. The negotiations resulted in the abandonment by Denver Water of the Eagle-Piney Water Project, for which Denver owned extensive water rights. The agreement and abandonment forever protect local stream flows and fisheries from trans-basin development.

**Vision**

Glenn recognized the importance of snowmaking to Vail. Snowmaking allows Vail to provide a consistent and reliable skiing experience to guests, who return year after year for the quality and quantity of snow. This reliability has served as the foundation for investment in hotels, restaurants, the commercial core and real estate that have made Vail a world class resort.

Glenn’s vision continues with protection of existing water supplies and the thoughtful and environmentally sensitive development of additional supplies to support further growth and resiliency in the face of increasing droughts. Additionally, Glenn is working to protect Vail and surrounding communities from the risk that climate change poses to Colorado River supplies by envisioning a future Wolcott reservoir as a Colorado River Compact compliance bank account.
INTERGOVERNMENTAL AGREEMENT

FOR

RED SANDSTONE ELEMENTARY SANITARY SEWER MAIN EXTENSION

THIS AGREEMENT is made and entered into this ______ day of ___________ 2019, by EAGLE RIVER WATER AND SANITATION DISTRICT, a quasi-municipal corporation and political subdivision of the State of Colorado, ("District") and the TOWN OF VAIL, a political subdivision of the State of Colorado ("Town"). Collectively these entities are also referred to as the "Parties".

RECITALS

WHEREAS, Eagle River Water and Sanitation District is a water and sewer District organized and existing under the Colorado Special District Act; and

WHEREAS, the District is empowered to provide water and sewer service to its customers and constituents within and without its boundaries, within Eagle County, Colorado, on such terms and conditions as the District may decide; and

WHEREAS, the Town of Vail is a Colorado municipality organized and operated pursuant to its home rule charter and Colorado law; and

WHEREAS, Section 18(2)(a) and (b), Article XIV of the Colorado Constitution, Section 29-1-203, C.R.S., and Section 32-1-1001, C.R.S., provide for the ability of the Parties to enter into contracts and agreements with one another to provide intergovernmental services and facilities, when so authorized by their governing bodies; and

WHEREAS, the Constitution and statutes of the State of Colorado permit and encourage agreements between political subdivisions of the State, in order that the inhabitants of such political subdivisions may thereby secure high quality governmental services; and

WHEREAS, it is recognized by the Parties, that the public health, safety and welfare of their inhabitants is best served by providing high quality water and sewer and services; and

WHEREAS, the District wishes to extend and upgrade an existing sanitary sewer main along the east property line of Subdivision: VAIL POTATO PATCH Block: 2 Lot 8 ("District Project"); and

WHEREAS, the Town is currently constructing a new parking structure located at Subdivision: VAIL POTATO PATCH Block: 2 Lot 8 ("Town Project"); and
WHEREAS, the Parties wish to combine their construction efforts to achieve cost sharing and cost savings benefits, minimize disruption to the neighborhood and to allow the installation of infrastructure projects to be phased in logical sequence. The Parties desire for the District’s Project and the Town’s Project to be administered, constructed and installed, to the extent provided for herein, as one project (collectively, the “Project”); and

WHEREAS, each of the Parties hereto desires to work together to authorize and accomplish the construction of the Project; and

WHEREAS, each of the Parties hereto has determined it to be in the best interests of their respective taxpayers, residents, property owners, and constituents to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual performance of the covenants, agreements, and stipulations contained herein, and for other good and valuable consideration, the Parties hereto agree as follows:

1. **Cooperation.** The Parties agree to cooperate in the planning, design, construction, inspection, cost and expense sharing, administration and warrantee phases of the Project referenced in this Agreement and to cooperate and facilitate the combined efforts including, but not limited to the execution of any additional agreements, easements, and rights-of-way necessary to implement the purposes of this Agreement.

2. **Project Management:** The Town will provide a construction management representative (“Town Construction Manager”) to coordinate the construction work, provide clarifications to the Contractor and review and approve proposed field changes, cost changes and time changes in a timely manner. The District will provide a construction management representative (“District Construction Manager”) to coordinate execution of the District’s portion of the Project with the Town Construction Manager as required herein. With respect to communications with Project Contractor, suppliers and consultants, the District Construction Manager shall not have authority to bind, or otherwise affect the obligations of, the Town.

3. **Construction Inspection.** The Town Construction Manager will be responsible for construction inspection of its portion of the Project. The District Construction Manager will be responsible for construction inspection of its portion of the project.

4. **Geotechnical Testing.** The Town will pay for geotechnical testing costs associated with its portion of the Project. The District will either reimburse
the Town for geotechnical testing associated with its portion of the Project, or contract directly with a Geotechnical testing firm.

5. **Cost Sharing.** The Town agrees to pay all costs to the Contractor for the Project. The Town will invoice the District on a monthly basis for the District’s portion of the work based on work accomplished per the Contractor’s invoices and the value of the work listed in Attachment A. The District will reimburse the Town for the invoiced work within 30 days. The District represents that it has appropriated sufficient funds to pay in full its obligations hereunder.

6. **Change Orders.** Any change orders that arise during construction related to the Town portion of the Project will be negotiated between the Town and the Contractor.

Any change orders that arise during construction related to District’s portion of the Project will be reviewed by the Town and District Construction Manager prior to approval. Change order work will be completed by the Contractor at contracted unit costs, lump sum costs agreed to in advance, on a cost-plus basis or as otherwise set forth in the construction contract. Additionally, the District Construction Manager will review plans and approve change orders in a timely manner. Neither the Town nor its Contractor will commence any work outside of the contracted items for which it expects reimbursement from the District without the prior approval of the District’s Construction Manager.

7. **Project Meetings.** The Town will make a good faith effort to invite a representative of the District to meetings concerning the Project, and otherwise provide open communications throughout the Project.

8. **Warranties.** For any work that the District determines does not conform to the Project or District Rules and Regulations and the specifications set forth therein, or needs to be completed under warranty conditions (where the applicable warranty has not been transferred to the District), the District shall notify the Town and the Town will notify the Contractor under the terms of the Town’s agreement with the Contractor.

9. **Transfer of Warranties and Enforcement Powers.** Town will use its best efforts to obtain, in writing, requisite warranties of at least a TWO-YEAR period from Contractor for workmanship and/or materials for facilities, infrastructure, and appurtenances constructed for the Project. The Town will make its best effort to transfer warranties for the District’s portion of Project facilities, infrastructure, and appurtenances to the District. If the
Town is not able to transfer warranties to the District, the Town will retain the warranties and cooperate with the District to enforce such warranties at no cost to the Town.

10. **Easements.** The Town will replat a portion of Subdivision: VAIL POTATO PATCH Block: 2 Lot 8 with all necessary utility easements.

11. **Bill of Sale.** The Town will provide the District with a Bill of Sale per the District Standards and Specifications.

12. **Enforcement.** The Parties agree that this Agreement may be enforced in law or in equity for specific performance, injunctive, or other appropriate relief, including damages, as may be available according to the laws and statutes of the State of Colorado. It is specifically understood that by executing this Agreement each Party commits itself to perform pursuant to the terms contained herein, and that any breach hereof which results in any recoverable damages shall not cause the termination of any obligations created by this Agreement unless such termination is declared by the Party not in breach hereof.

13. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Colorado.

14. **Venue.** Venue for the trial of any action arising out of any dispute hereunder shall be in the District Court for Eagle County, State of Colorado, pursuant to the appropriate rules of civil procedures.

15. **Captions.** The headings and sections and paragraphs are included only for convenience and reference. If any conflict between any heading and the text of this Agreement exists, the text shall control.

16. **Binding Agreement upon Successors and Assigns.** This Agreement and the rights and obligations created hereby shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

17. **Interested Persons.** Nothing herein expressed or implied is intended or should be construed to confer or give to any person or corporation or governmental entity other than the District and the Town, any right, remedy or claim under or by reason hereof or by reason of any covenant or condition herein contained, nor limit in any way the powers and responsibilities of the Town, the District, or any other entity not a party hereto.
18. **Notices.** All notices, requests, demands, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when hand-delivered or sent by certified, United States mail, postage prepaid, with return receipt requested, addressed to the parties as follows:

Greg Clifton, Town Manager  
Town of Vail  
75 South Frontage Road  
Vail, Colorado 81657  

With a Copy to:

Matt Mire, Town Attorney  
Town of Vail  
75 South Frontage Road  
Vail, Colorado 81657  

Eagle River Water and Sanitation District  
Linn Brooks, General Manager  
846 Forest Road  
Vail, Colorado 81657  

With a Copy to:

James P. Collins, Esq.  
Collins Cockrel & Cole  
390 Union Boulevard, Suite 400  
Denver, Colorado 80228-1556  

Either party may change the address at which it receives written notice, by notifying the other party in writing in the manner provided herein.

19. **Severability.** If any portion of this Agreement is held invalid or unenforceable for any reason by a court of competent jurisdiction as to either Party or as to both Parties, such portion shall be deemed severable and its invalidity or its unenforceability shall not affect the remaining provisions; such remaining provisions shall be fully severable and this Agreement shall be construed and enforced as if such invalid provisions had never been inserted into this Agreement.
20. **Waiver.** The waiver of any breach of any of the provisions of this Agreement, by any party, shall not constitute a continuing waiver of any subsequent breach by that party, either of the same, or of another provision of this Agreement.

21. **Amendment.** This Agreement may be amended, modified, changed, or terminated in whole or in part only by written agreement duly authorized and executed by the Parties hereto.

22. **Duplicate Originals.** This Agreement may be executed in counterparts, each of which shall be an original, but all of which together, shall constitute one and the same agreement.

23. **Separate Entity Status.** In no event shall either party, its employees or its representatives, be considered or authorized to act as employees or agents of the other party.

24. **Indemnification.** Each party, to the extent permitted by law and subject to all of the immunities, defenses and protections afforded to that party by the Colorado Governmental Immunity Act, shall indemnify and hold harmless, the other party, its officers, directors, employees and agents from and against any claims including attorneys fees, arising out of the negligence of the officers, employees or agents of the indemnifying party and rising out of the performance of services under this Agreement.

25. **Force Majeure.** No party shall be liable for any failure to perform as required by this Agreement to the extent such failure to perform is caused by any reason beyond the control of that party or by reason of any of the following occurrences, whether or not caused by such party: strikes, labor disturbances or labor disputes of any character, accidents, riots, civil disorders or commotions, war, acts of aggression, floods, earthquakes, acts of God, explosion or similar occurrences; provided, such party shall exercise its best efforts to provide the best possible alternative performance and to prevent the foregoing occurrence from obstructing full performance. Such occurrences shall not terminate this Agreement and shall not affect this Agreement except as provided in this Section.

26. **Entire Agreement of the Parties.** This Agreement represents the full and complete understanding of Parties, and supersedes any prior agreements, discussions, negotiations, representations or understandings of Parties with respect to the subject matter contained herein.
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be effective as of the date and year first above written.

EAGLE RIVER WATER AND SANITATION DISTRICT

By: Linn Brooks, General Manager

Attest:

Carol Dickman, Administrative Assistant

TOWN OF VAIL

By: Greg Clifton, Town Manager

Attest:

Tammy Nagel, Town Clerk

APPROVED AS TO FORM

Matt Mire, Town Attorney
Red Sandstone Elementary Sanitary Sewer Main Extension

Scope of Work

Work is to include grade rings for new manhole, modify exiting manhole, 32 LF 8" sewer main, 2 sewer service connections, connect to existing 8" main and pothole existing utilities.

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Subtotal: $44,297.90

GL Insurance        |       |     |            | $558.00 |
Builders Risk Insurance |     |     |            | $124.00 |
Overhead and Profit  |       |     |            | $1,838.00 |
Performance and Payment Bond | |     |            | $411.00 |

TOTAL: $47,228.90
MEMORANDUM

TO: ERWSD Board of Directors
FROM: James Wilkins, Director of Finance
DATE: February 28, 2019

**Water Sales Update**

Water Sales through the 2018 fourth quarter for both UERWA and ERWSD are attached. ERWSD’s water sales from January through December were 695.0mm gallons versus 669.4mm gallons projected; UERWA’s water sales for the period were 1,304.4mm gallons versus 1,251.8mm gallons projected.

**Development Impact Fee Revenue**

Impact fees paid through December of 2018 are attached. Vail Water received just over $650K for the year; Wastewater received roughly $1.5mm for 2018, and the Authority received about $1.215mm for the year. A significant amount of fees were received in late December for projects taking place in 2019.

**Controller’s Report**

The Controller’s Report for fourth quarter 2018 unaudited financial performance is attached; significant variances and changes to the budget forecast are discussed. The Revenue and Expense Trends graph is also included. It reflects a projected surplus in 2018 for both Wastewater and Water. The most recent summary report from Chandler Asset Management is also included. As indicated in the report, all investments are currently in compliance with the District’s Investment Policy.
EAGLE RIVER WATER & SANITATION DISTRICT
Monthly Water Sales - Excluding Discounted Volume Sales for snow making
12/31/2018

K Gals per SFE per year

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UPPER EAGLE REGIONAL WATER AUTHORITY
Monthly Water Sales
12/31/2018

K Gals per SFE per year

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Development Impact Fee Revenue

December 2018 Activity

Customer-Paid Impact Fees (Tap, WSIF, Tank Storage)

<table>
<thead>
<tr>
<th>Subdivision</th>
<th># SFEs</th>
<th>Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avon</td>
<td>9</td>
<td>$377,052.79</td>
</tr>
<tr>
<td>Berry Creek</td>
<td>2</td>
<td>$38,530.18</td>
</tr>
<tr>
<td>Bachelor Gulch</td>
<td>3.4</td>
<td>$101,076.46</td>
</tr>
<tr>
<td>Eagle-Vail</td>
<td>1.4</td>
<td>$34,852.42</td>
</tr>
<tr>
<td>Edwards</td>
<td>83.2</td>
<td>$755,916.47</td>
</tr>
<tr>
<td>Vail</td>
<td>26.3</td>
<td>$320,920.68</td>
</tr>
</tbody>
</table>

Year End Totals

UERWA (WSIF) = $1,055,263.92
ERWSD SEWER = $1,268,989.64
ERWSD WATER = $557,798.03

Pending Activity

<table>
<thead>
<tr>
<th>Development</th>
<th>#SFEs</th>
<th>Development Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roost Lodge (Marriot Res. Inn)</td>
<td>87 hotel + 104 eh</td>
<td>Redevelopment</td>
</tr>
<tr>
<td>Park Meadows (Vail)</td>
<td>26 (water only)</td>
<td>Redevelopment</td>
</tr>
<tr>
<td>Avon Hotel</td>
<td>50 (approx.)</td>
<td>New PUD</td>
</tr>
<tr>
<td>6 West Apartments (Edwards)</td>
<td>120</td>
<td>New PUD</td>
</tr>
</tbody>
</table>
FINANCIAL REPORT
FOR THE 4th QUARTER ENDING DECEMBER 31, 2018

A list of checks/disbursements is available upon request.
Quarterly Financial Reports:
The 4th quarter ending December 31, 2018 financial reports are attached. The reports are a draft of the year-end financial statements and will not be final until our audit is complete in June. The Revenue and Expense Trends Graph breaks out operating expense from debt expense. This graph does not include bond or capital activity.

Wastewater:
Variances & Forecasts:
Wastewater revenue as of December 31 was above budget by 2.8%. Other income has exceeded the forecast because of labor and equipment charges billed for the East Fork Pump Station emergency repair and Bachelor Gulch BPS. In addition, meter sales have exceeded expectations by $270,000 and proceeds from employee housing sales netted $66,000.

The year ended with total Routine Expenditures 1.4% less than budgeted. We anticipate a few more 2018 invoices to be paid in 2019 which will lower the amount we are under budgeted. Some areas of savings were personnel costs in the Wastewater department and two loans for housing down payment assistance paid back by employees.

Developer and other funding is 51.8% higher than forecasted due to tap fees received in December, higher interest earnings on the 2017 crossover bond, and contributed capital.

Capital construction spending is below the budget by 7.9%. Compared to past years, spending is much closer to projections and should result in minimal rollovers to 2019. This is not an increase in expenditures, just multi-year project timing.

We have exceeded all our coverage ratios and expect to again in 2019.

Water:
Variances & Forecasts:
Water sales revenue was 3.9% higher than forecast due to the hot and dry early summer that saw significant use above projections for both May and July.

Total Routine Expenditures ended the year right on target. Water rights protection was a little higher than budgeted and repairs and maintenance were lower than budgeted.

Developer and other funding came in 28.6% higher than forecast due to December tap fees received and higher Interest income than budgeted.

At year end, Capital construction spending is 24.8% less than budgeted due to the Vail Wells and RTU projects construction schedule. We expect most of this budget to be rolled into 2019 for project completion. This is not an increase in expenditures, just multi-year project timing.

We have exceeded all our coverage ratios and expect to again in 2019.
### Eagle River Water and Sanitation

#### Budget Comparison-Draft

For the 4th Quarter Ending December 31, 2018

<table>
<thead>
<tr>
<th>Year to Date</th>
<th>Original Budget</th>
<th>Revised Forecast</th>
<th>Actual</th>
<th>Better/(Worse) Budget %</th>
<th>Better/(Worse) Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 WASTEWATER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3 WASTEWATER REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Wastewater Service</td>
<td>$14,067,000</td>
<td>($6,803)</td>
<td>$14,060,197</td>
<td>$13,940,450</td>
<td>(0.9%)</td>
</tr>
<tr>
<td>5 Water District Management (Ops Agreements)</td>
<td>4,059,934</td>
<td>(59,934)</td>
<td>4,000,000</td>
<td>4,094,606</td>
<td>2.4%</td>
</tr>
<tr>
<td>6 Property Rentals</td>
<td>320,000</td>
<td>110,000</td>
<td>430,000</td>
<td>439,532</td>
<td>2.2%</td>
</tr>
<tr>
<td>7 Other</td>
<td>840,000</td>
<td>51,342</td>
<td>891,342</td>
<td>1,441,358</td>
<td>11.8%</td>
</tr>
<tr>
<td>8 Total Wastewater Revenue</td>
<td>$19,286,934</td>
<td>$94,605</td>
<td>$19,381,539</td>
<td>$19,915,946</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>10 ROUTINE EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Collection, Treatment, Other</td>
<td>$5,000,892</td>
<td>$455,905</td>
<td>$5,456,796</td>
<td>$5,487,248</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>12 Nonrecurring Replacement/Repairs</td>
<td>127,500</td>
<td>15,000</td>
<td>142,500</td>
<td>108,228</td>
<td>24.1%</td>
</tr>
<tr>
<td>13 Wastewater Personnel</td>
<td>8,043,471</td>
<td>691,548</td>
<td>8,735,019</td>
<td>8,549,344</td>
<td>2.1%</td>
</tr>
<tr>
<td>14 General &amp; Administrative</td>
<td>101,000</td>
<td>262,887</td>
<td>363,887</td>
<td>406,717</td>
<td>(11.8%)</td>
</tr>
<tr>
<td>15 Employee Down Payment Assistance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>27,490</td>
<td>0.0%</td>
</tr>
<tr>
<td>16 Wastewater Quality, Regulations &amp; Studies</td>
<td>379,800</td>
<td>(20,000)</td>
<td>359,800</td>
<td>321,970</td>
<td>10.5%</td>
</tr>
<tr>
<td>17 Total Routine Expenditures</td>
<td>$13,652,663</td>
<td>$1,405,340</td>
<td>$15,058,003</td>
<td>$14,846,017</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>18 FUNDS GENERATED FROM SERVICE REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>$5,634,271</td>
<td>($1,310,735)</td>
<td>$4,323,537</td>
<td>$5,069,929</td>
<td>17.3%</td>
</tr>
<tr>
<td><strong>21 DEVELOPER &amp; OTHER FUNDING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 Tap Fees</td>
<td>$1,585,869</td>
<td>($885,869)</td>
<td>$700,000</td>
<td>$1,499,025</td>
<td>114.1%</td>
</tr>
<tr>
<td>23 Property Tax for Debt</td>
<td>1,467,620</td>
<td>(22,620)</td>
<td>1,445,000</td>
<td>1,436,838</td>
<td>(0.6%)</td>
</tr>
<tr>
<td>24 GO Bond Proceeds</td>
<td>14,196,000</td>
<td>(14,196,000)</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>25 Wastewater Quality, Regulations &amp; Studies</td>
<td>379,800</td>
<td>(20,000)</td>
<td>359,800</td>
<td>321,970</td>
<td>10.5%</td>
</tr>
<tr>
<td>26 Total Other Funding</td>
<td>$18,104,883</td>
<td>($15,274,342)</td>
<td>$2,830,541</td>
<td>$4,295,808</td>
<td>51.8%</td>
</tr>
<tr>
<td><strong>28 FUNDS GENERATED FOR DEBT &amp; CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>$23,739,154</td>
<td>($16,585,077)</td>
<td>$7,154,077</td>
<td>$9,365,737</td>
<td>30.9%</td>
</tr>
<tr>
<td><strong>30 DEBT SERVICE &amp; CAPITAL EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 Debt Service Expense</td>
<td>$4,914,963</td>
<td>$81,916</td>
<td>$4,996,879</td>
<td>$4,716,566</td>
<td>5.6%</td>
</tr>
<tr>
<td>32 Bond Issue Expense</td>
<td>250,000</td>
<td>(250,000)</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>33 Capital Construction Plan &amp; CRP</td>
<td>14,440,546</td>
<td>2,486,639</td>
<td>16,927,185</td>
<td>15,596,202</td>
<td>7.9%</td>
</tr>
<tr>
<td>34 Wolcott Planning</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10,049</td>
<td>0.0%</td>
</tr>
<tr>
<td>35 Total Debt Service &amp; Capital</td>
<td>$19,605,509</td>
<td>$2,318,555</td>
<td>$21,924,064</td>
<td>$20,322,817</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>37 SURPLUS/(DEFICIT)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>$4,133,645</td>
<td>($18,903,632)</td>
<td>($14,769,987)</td>
<td>($10,957,080)</td>
<td>25.8%</td>
</tr>
<tr>
<td>39 Beginning Funds</td>
<td>$39,768,896</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 Ending Funds</td>
<td>$43,902,541</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>41 FUNDS RESTRICTED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43 CWRPDA Operating Reserve for Debt</td>
<td>$1,326,125</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44 Bond Reserve Fund for 2009 Bonds</td>
<td>1,378,000</td>
<td></td>
<td>1,498,280</td>
<td>1,498,280</td>
<td></td>
</tr>
<tr>
<td>45 Rate Stabilization Fund 2009 Bonds</td>
<td>600,000</td>
<td></td>
<td>600,000</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>46 Bond Reserve Fund for 2012 Bonds</td>
<td>1,808,500</td>
<td></td>
<td>1,808,500</td>
<td>1,808,500</td>
<td></td>
</tr>
<tr>
<td>47 Bond Reserve Fund for 2017 Bonds</td>
<td>0</td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>48 Bond Reserve Fund for payoff of 2009B in 2019</td>
<td>0</td>
<td></td>
<td>12,716,634</td>
<td>12,716,634</td>
<td></td>
</tr>
<tr>
<td>49 Unspent Bond Proceeds</td>
<td>0</td>
<td></td>
<td>6,144,267</td>
<td>6,144,267</td>
<td></td>
</tr>
<tr>
<td>50 Debt Service Payable</td>
<td>376,189</td>
<td></td>
<td>300,789</td>
<td>300,789</td>
<td></td>
</tr>
<tr>
<td>51 Reserved for Fully Self Funded Health Insurance</td>
<td>211,745</td>
<td></td>
<td>136,745</td>
<td>136,745</td>
<td></td>
</tr>
<tr>
<td>52 Tap Fees Dedicated to Capital</td>
<td>0</td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>53 Total Funds Restricted</td>
<td>$5,700,559</td>
<td></td>
<td>$23,205,215</td>
<td>$23,205,215</td>
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</tr>
<tr>
<td><strong>54 UNRESTRICTED FOR GENERAL RESERVES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>$38,201,982</td>
<td></td>
<td>$32,532,113</td>
<td>$28,952,322</td>
<td></td>
</tr>
<tr>
<td><strong>56 25% TARGETED DOLLAR Amt for General Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>57</td>
<td>$3,326,313</td>
<td></td>
<td>$3,326,313</td>
<td>$3,326,313</td>
<td></td>
</tr>
<tr>
<td><strong>58 COVERAGE RATIOS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>59 Target Met (1.00 is minimum goal)</td>
<td>11.48</td>
<td></td>
<td>9.78</td>
<td>8.70</td>
<td></td>
</tr>
<tr>
<td>60 Debt Service Coverage (excl. non recur. replace/repairs. 1.00 is the min. target)</td>
<td>4.86</td>
<td></td>
<td>1.46</td>
<td>2.01</td>
<td></td>
</tr>
<tr>
<td>61 Debt Service Coverage with Rate Stabilization Fund (1.10 is the min. target)</td>
<td>4.98</td>
<td></td>
<td>1.58</td>
<td>2.14</td>
<td></td>
</tr>
</tbody>
</table>
ERWSD Wastewater
Revenue & Expense Trends
4th Quarter 2018

Note: Graph does not include bond and capital activity
## Eagle River Water and Sanitation
### Budget Comparison-Draft
#### For the 4th Quarter Ending December 31, 2018

### Year to Date

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Forecast</th>
<th>Actual</th>
<th>Better/(Worse)</th>
<th>Better/(Worse)</th>
<th>Better/(Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VAIL WATER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WATER SALES REVENUE</strong></td>
<td>$5,214,000</td>
<td>$30,131</td>
<td>$5,244,131</td>
<td>$5,449,694</td>
<td>3.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROUTE EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution, Treatment, Other</td>
<td>$810,120</td>
<td>($41,605)</td>
<td>$768,515</td>
<td>$783,484</td>
<td>1.9%</td>
<td>($14,969)</td>
<td></td>
</tr>
<tr>
<td>Nonrecurring Replacements/Repairs</td>
<td>144,002</td>
<td>252,399</td>
<td>396,401</td>
<td>359,170</td>
<td>9.4%</td>
<td>37,231</td>
<td></td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>47,000</td>
<td>(24,702)</td>
<td>22,298</td>
<td>20,466</td>
<td>8.2%</td>
<td>1,832</td>
<td></td>
</tr>
<tr>
<td>Water Rights Protection &amp; Studies</td>
<td>351,500</td>
<td>0</td>
<td>351,500</td>
<td>413,493</td>
<td>17.6%</td>
<td>(61,993)</td>
<td></td>
</tr>
<tr>
<td>25% Allocation - Operations</td>
<td>842,368</td>
<td>(32,068)</td>
<td>810,300</td>
<td>798,418</td>
<td>1.5%</td>
<td>11,882</td>
<td></td>
</tr>
<tr>
<td>25% Allocation - Salaries &amp; Benefits</td>
<td>2,214,445</td>
<td>185,516</td>
<td>2,399,961</td>
<td>2,377,597</td>
<td>0.9%</td>
<td>22,364</td>
<td></td>
</tr>
<tr>
<td>50% Allocation - Professional</td>
<td>81,000</td>
<td>50,000</td>
<td>131,000</td>
<td>123,151</td>
<td>6.0%</td>
<td>7,849</td>
<td></td>
</tr>
<tr>
<td><strong>Total Routine Expenditures</strong></td>
<td>$4,490,434</td>
<td>($389,540)</td>
<td>$4,879,975</td>
<td>$4,875,779</td>
<td>0.1%</td>
<td>$4,196</td>
<td></td>
</tr>
<tr>
<td><strong>FUNDS GENERATED FROM SALES</strong></td>
<td>$723,566</td>
<td>($359,409)</td>
<td>$364,157</td>
<td>$573,915</td>
<td>57.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DEVELOPER &amp; OTHER FUNDING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tap Fees</td>
<td>$1,485,503</td>
<td>($1,185,503)</td>
<td>$300,000</td>
<td>$650,154</td>
<td>116.7%</td>
<td>$350,154</td>
<td></td>
</tr>
<tr>
<td>Property Tax for Debt</td>
<td>979,993</td>
<td>7</td>
<td>980,000</td>
<td>987,545</td>
<td>0.8%</td>
<td>7,545</td>
<td></td>
</tr>
<tr>
<td>Capital Replacement Prog. Base Chg</td>
<td>664,000</td>
<td>(4,000)</td>
<td>660,000</td>
<td>673,928</td>
<td>2.1%</td>
<td>13,928</td>
<td></td>
</tr>
<tr>
<td>Interest &amp; Misc. Income</td>
<td>237,564</td>
<td>(19,709)</td>
<td>217,855</td>
<td>463,883</td>
<td>112.9%</td>
<td>246,028</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Sources</strong></td>
<td>$3,367,060</td>
<td>($1,209,205)</td>
<td>$2,157,855</td>
<td>$2,775,510</td>
<td>28.6%</td>
<td></td>
<td>$617,655</td>
</tr>
<tr>
<td><strong>FUNDS GENERATED FOR DEBT &amp; CAPITAL</strong></td>
<td>$4,090,626</td>
<td>($1,566,614)</td>
<td>$2,522,012</td>
<td>$3,349,425</td>
<td>32.8%</td>
<td></td>
<td>$827,413</td>
</tr>
<tr>
<td><strong>DEBT SERVICE &amp; CAPITAL EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Expense</td>
<td>$1,857,696</td>
<td>$45,919</td>
<td>$1,903,615</td>
<td>$1,840,506</td>
<td>3.3%</td>
<td>$63,109</td>
<td></td>
</tr>
<tr>
<td>Capital Construction Plan &amp; CRP</td>
<td>2,157,000</td>
<td>808,186</td>
<td>2,965,186</td>
<td>1,754,397</td>
<td>40.8%</td>
<td>1,210,789</td>
<td></td>
</tr>
<tr>
<td>Capital Allocation from Wastewater</td>
<td>638,893</td>
<td>82,332</td>
<td>721,225</td>
<td>606,739</td>
<td>15.9%</td>
<td>114,486</td>
<td></td>
</tr>
<tr>
<td><strong>Total Debt Service &amp; Capital</strong></td>
<td>$4,653,589</td>
<td>$936,437</td>
<td>$5,590,026</td>
<td>$4,201,642</td>
<td>24.8%</td>
<td>$1,388,384</td>
<td></td>
</tr>
<tr>
<td><strong>SURPLUS/(DEFICIT)</strong></td>
<td>($562,963)</td>
<td>($2,505,051)</td>
<td>($3,068,014)</td>
<td>($852,217)</td>
<td>72.2%</td>
<td>$2,215,797</td>
<td></td>
</tr>
<tr>
<td><strong>Beginning Funds</strong></td>
<td>$4,531,455</td>
<td>$6,821,053</td>
<td>$6,821,053</td>
<td>$6,821,053</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Funds</strong></td>
<td>$3,968,492</td>
<td>$3,753,039</td>
<td>$5,968,836</td>
<td>$5,968,836</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FUNDS RESTRICTED

<table>
<thead>
<tr>
<th></th>
<th>Original Bond</th>
<th>Revised Bond</th>
<th>Forecast</th>
<th>Actual</th>
<th>Better/(Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Stabilization Fund 2009 Bonds</td>
<td>$600,000</td>
<td>$600,000</td>
<td>$600,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unspent Bond Proceeds</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Debt Service Payable</td>
<td>231,072</td>
<td>243,432</td>
<td>243,432</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tap Fees Dedicated to Capital</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Reserved for Fully Self Funded Health Insurance</td>
<td>70,582</td>
<td>45,582</td>
<td>45,582</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Funds Restricted</strong></td>
<td>$901,654</td>
<td>$889,014</td>
<td>$889,014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Unrestricted for General Reserves

<table>
<thead>
<tr>
<th></th>
<th>Original Bond</th>
<th>Revised Bond</th>
<th>Forecast</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,066,838</td>
<td>$2,864,025</td>
<td>$5,079,822</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 25% Targeted Dollar Amount for General Reserves

<table>
<thead>
<tr>
<th></th>
<th>Original Bond</th>
<th>Revised Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,122,609</td>
<td>$1,122,609</td>
<td>$1,122,609</td>
</tr>
</tbody>
</table>

### Coverage Ratios

<table>
<thead>
<tr>
<th></th>
<th>Original Bond</th>
<th>Revised Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Met (1.00 is minimum goal)</td>
<td>2.73</td>
<td>2.55</td>
</tr>
<tr>
<td>Debt Service Coverage (excl. non recur. replace/repairs. 1.00 is the min. target)</td>
<td>2.28</td>
<td>1.53</td>
</tr>
<tr>
<td>Debt Service Coverage with Rate Stabilization Fund (1.10 is the min. target)</td>
<td>2.60</td>
<td>1.85</td>
</tr>
</tbody>
</table>
ERWSD Water
Revenue & Expense Trends
4TH Qtr 2018

Note: Graph does not include bond and capital activity
Eagle River Water & Sanitation District

Period Ending December 31, 2018
Objectives

Investment Objectives

The investment objectives of the Eagle River Sanitation District are first, to provide for the preservation of capital and protection of investment principal; second, to provide sufficient liquidity to meet anticipated cash flows and third, to earn a market rate of return that is commensurate with the first two objectives.

Chandler Asset Management Performance Objective

Our performance objectives for Eagle River Sanitation District are to earn a return that equals or exceeds the return on a market index of 1-3 year Treasury securities over time.

Strategy

In order to achieve this objective, we invest the portfolio in money market instruments, government securities, and high quality corporate notes. The maximum maturity for any security in the portfolio is five years.
## Statement of Compliance

*As of December 31, 2018*

Eagle River WSD 2016 Sewer Bond Proceeds

*Assets managed by Chandler Asset Management are in full compliance with Colorado state law and with the District’s investment policy.*

<table>
<thead>
<tr>
<th>Category</th>
<th>Standard</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Bills and Notes</td>
<td>No Limitations</td>
<td>Complies</td>
</tr>
<tr>
<td>Gov’t. Sponsored Enterprises</td>
<td>No Limitations</td>
<td>Complies</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>≥ A-1/P-1/F-1 rated; two ratings required; 50% maximum; 5% per issuer, 270 days max. maturity</td>
<td>Complies</td>
</tr>
<tr>
<td>Corporate Obligations</td>
<td>≥ Aa3/AA-/AA- rated; two ratings required; 50% maximum; 5% per issuer; 3 years max. maturity</td>
<td>Complies</td>
</tr>
<tr>
<td>Banker’s Acceptances</td>
<td>≥ A-1/P-1/F-1 rated; two ratings required; 50% maximum; 5% per issuer; 3 years max. maturity</td>
<td>Complies</td>
</tr>
<tr>
<td>Corporate and Bank Debt combined exposure</td>
<td>50% maximum/5% per issuer for combined Commercial Paper, Corporate Obligations and Bank Acceptances</td>
<td>Complies</td>
</tr>
<tr>
<td>Municipal Securities General Obligation</td>
<td>General obligations of any national political sub-division; AA-rated or higher; 30% maximum; 5% per issuer; 3 years maximum maturity</td>
<td>Complies</td>
</tr>
<tr>
<td>Municipal Securities Revenue Bond</td>
<td>Revenue backed obligations of any national political sub-division; AAA-rated or higher; 30% maximum; 5% per issuer; 3 years maximum maturity</td>
<td>Complies</td>
</tr>
<tr>
<td>Money Market Funds</td>
<td>AAAF rated, or SEC 2A-7 regulated; 5% max per fund</td>
<td>Complies</td>
</tr>
<tr>
<td>Certificates of Deposit (CDs)/ Time Deposit (TDs)</td>
<td>Not used by investment adviser</td>
<td>Complies</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>Not used by investment adviser</td>
<td>Complies</td>
</tr>
<tr>
<td>Local Gov’t. Investment Pools</td>
<td>Not used by investment adviser</td>
<td>Complies</td>
</tr>
<tr>
<td>Max Per Issuer</td>
<td>5% of portfolio (except U.S. government, its agencies and enterprises)</td>
<td>Complies</td>
</tr>
<tr>
<td>Maximum maturity</td>
<td>5 years</td>
<td>Complies</td>
</tr>
</tbody>
</table>
Portfolio Summary

Eagle River WSD Consolidated

**PORTFOLIO CHARACTERISTICS**

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Modified Duration</td>
<td>1.12</td>
</tr>
<tr>
<td>Average Coupon</td>
<td>1.64%</td>
</tr>
<tr>
<td>Average Purchase YTM</td>
<td>1.94%</td>
</tr>
<tr>
<td>Average Market YTM</td>
<td>2.47%</td>
</tr>
<tr>
<td>Average S&amp;P/Moody Rating</td>
<td>AA+/Aaa</td>
</tr>
<tr>
<td>Average Final Maturity</td>
<td>1.16 yrs</td>
</tr>
<tr>
<td>Average Life</td>
<td>1.16 yrs</td>
</tr>
</tbody>
</table>

**ACCOUNT SUMMARY**

<table>
<thead>
<tr>
<th></th>
<th>Beg. Values as of 9/30/18</th>
<th>End Values as of 12/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value</td>
<td>40,297,841</td>
<td>37,255,334</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>142,129</td>
<td>118,033</td>
</tr>
<tr>
<td>Total Market Value</td>
<td>40,439,971</td>
<td>37,373,366</td>
</tr>
<tr>
<td>Income Earned</td>
<td>48,071</td>
<td>152,377</td>
</tr>
<tr>
<td>Cont/WD</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Par</td>
<td>40,816,871</td>
<td>37,578,220</td>
</tr>
<tr>
<td>Book Value</td>
<td>40,723,783</td>
<td>37,462,450</td>
</tr>
<tr>
<td>Cost Value</td>
<td>40,723,783</td>
<td>37,462,450</td>
</tr>
</tbody>
</table>

**Maturity Distribution**

<table>
<thead>
<tr>
<th>Maturity (Yrs)</th>
<th>0 - .25</th>
<th>.25 - 5</th>
<th>5 - 1</th>
<th>1 - 2</th>
<th>2 - 3</th>
<th>3 - 4</th>
<th>4 - 5</th>
<th>5+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27.8%</td>
<td>17.3%</td>
<td>13.7%</td>
<td>18.3%</td>
<td>13.3%</td>
<td>8.9%</td>
<td>0.6%</td>
<td></td>
</tr>
</tbody>
</table>

**TOP ISSUERS**

- Government of United States: 51.4%
- Federal Home Loan Bank: 14.4%
- Federal National Mortgage Assoc: 10.1%
- Wells Fargo Advantage Govt Mone: 9.7%
- Federal Home Loan Mortgage Corp: 7.5%
- Exxon Mobil Corp: 1.3%
- Apple Inc: 1.3%
- Federal Farm Credit Bank: 1.1%
- Total: 96.7%

**SECTOR ALLOCATION**

- US Treasury: 51.4%
- Agency: 33.0%
- Money Mkt Fd: 9.7%
- US Corp: 5.9%

**CREDIT QUALITY (S&P)**

- AA (89.4%)
- AAA (10.6%)
## Eagle River WSD Consolidated – Account #10177

<table>
<thead>
<tr>
<th>Issue Name</th>
<th>Investment Type</th>
<th>% Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of United States</td>
<td>US Treasury</td>
<td>51.43%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>Agency</td>
<td>14.36%</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>Agency</td>
<td>10.06%</td>
</tr>
<tr>
<td>Wells Fargo Advantage Govt Money Market Fund</td>
<td>Money Market Fund FI</td>
<td>9.65%</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corp</td>
<td>Agency</td>
<td>7.48%</td>
</tr>
<tr>
<td>Exxon Mobil Corp</td>
<td>US Corporate</td>
<td>1.33%</td>
</tr>
<tr>
<td>Apple Inc</td>
<td>US Corporate</td>
<td>1.26%</td>
</tr>
<tr>
<td>Federal Farm Credit Bank</td>
<td>Agency</td>
<td>1.13%</td>
</tr>
<tr>
<td>Colgate-Palmolive Co.</td>
<td>US Corporate</td>
<td>0.85%</td>
</tr>
<tr>
<td>Berkshire Hathaway</td>
<td>US Corporate</td>
<td>0.84%</td>
</tr>
<tr>
<td>Microsoft</td>
<td>US Corporate</td>
<td>0.71%</td>
</tr>
<tr>
<td>Wal-Mart Stores</td>
<td>US Corporate</td>
<td>0.66%</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>US Corporate</td>
<td>0.24%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
WATER SUPPLY

RESERVOIR UPDATES: 2/15/19

<table>
<thead>
<tr>
<th>Reservoir</th>
<th>Physical Capacity (AF)</th>
<th>Current Storage (AF)</th>
<th>Discharge (CFS)</th>
<th>Previous Month Change in Storage (AF)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eagle Park</td>
<td>3,301</td>
<td>2,128.18</td>
<td>1.0</td>
<td>-135.12</td>
<td>Releasing</td>
</tr>
<tr>
<td>Black Lake 1</td>
<td>527</td>
<td>228.9</td>
<td>2.5</td>
<td>-152.8</td>
<td>Releasing</td>
</tr>
<tr>
<td>Black Lake 2</td>
<td>98</td>
<td>98</td>
<td>0</td>
<td>0</td>
<td>Full</td>
</tr>
<tr>
<td>Homestake</td>
<td>42,881</td>
<td>42881</td>
<td>4.14</td>
<td>+1645</td>
<td>Steady</td>
</tr>
<tr>
<td>Green Mountain</td>
<td>153,639</td>
<td>53624</td>
<td></td>
<td>-3438</td>
<td>Releasing</td>
</tr>
<tr>
<td>Wolford</td>
<td>65,993</td>
<td>33870</td>
<td></td>
<td>0</td>
<td>Steady</td>
</tr>
</tbody>
</table>

As of Jan. 31, water is being released from Eagle Park Reservoir (EPR) at 1.0 cfs. Water is being released from Black Lake 1 until Feb. 24, when it will be at minimum pool, at which point releases will cease. Releases will then be made from Black Lakes 2 at 2.5 cfs.

STREAMFLOWS: 01/10/19

<table>
<thead>
<tr>
<th>Gage Location</th>
<th>Instantaneous Discharge (CFS) 2/15/19</th>
<th>Record Streamflows Low/High 2/15/19</th>
<th>In-stream Flow Water Right Level (CFS)</th>
<th>ISF Season</th>
</tr>
</thead>
</table>

SNOW WATER EQUIVALENT (SWE)

“Normal” = 30-year median (1981-2010)

<table>
<thead>
<tr>
<th>SNOTEL Site</th>
<th>SWE (in inches) 2/19/19</th>
<th>Normal SWE (in inches) for Feb. 19</th>
<th>% of normal</th>
<th>Normal Peak SWE (inches)</th>
<th>Date of Normal Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vail Mountain</td>
<td>14.1</td>
<td>12.8</td>
<td>110%</td>
<td>22.6</td>
<td>April 25</td>
</tr>
<tr>
<td>Copper Mountain</td>
<td>12.0</td>
<td>9.8</td>
<td>122%</td>
<td>15.4</td>
<td>April 28</td>
</tr>
<tr>
<td>Fremont Pass</td>
<td>14.2</td>
<td>10.6</td>
<td>134%</td>
<td>18.6</td>
<td>May 6</td>
</tr>
</tbody>
</table>
COLORADO RIVER DATA
The Lake Powell water level is at 3,586 feet elevation as of Feb. 18, and is at 39% of its storage capacity. Lake Mead water level is at 1086 feet as of Feb. 18, and is at 40% of its storage capacity.
RIVER CALLS
The Shoshone Call was placed on June 28, and the Cameo Call was placed on July 17. Instream flows are being satisfied in the Eagle River valley as of Oct. 1, at which time the instream flow minimum is reduced for winter. The Cameo Call was relaxed on Oct. 10 in response to lower irrigation demands and more water in the Colorado River.

WATER

Staff is working diligently to keep the road to the East Fork Pump Station open and accessible to accommodate needed repairs at the station. Projects there are close to completion, and connection and testing of the two large pumps and motors has taken place. Item still pending include the installation of the small pump that has been on hold from the manufacturer and installation of the mechanical seals. These items are slated for end-of-February completion.

Staff continues to work on items recommended by the state, including operator and operator in responsible charge (ORC) delegation of duties, source water protection implementation planning, and adding sites to the Total Coliform Rule sample locations. Staff has also implemented dual certification requirements for water staff, and improved and clarified positional and promotion expectations.

WASTEWATER & LABORATORY

Parker Newbanks, the Edwards WWTF Supervisor and biosolids manager, recently completed and submitted the 2018 Annual Biosolids Report to the Colorado Department of Public Health and Environment (CDPHE). Biosolids are nutrient-rich organic matter that result from the wastewater treatment process. The District produces class A biosolids which meet the Environmental Protection Agency (EPA) guidelines for land application with no restrictions; class A biosolids can be legally used as fertilizer on farms and vegetable gardens. In 2018, 554 total dry metric tons of class A biosolids were produced at the Edwards WWTF.

Leah Cribari, the Laboratory Supervisor, completed and submitted the 2018 Annual Stormwater Report to CDPHE. Each Wastewater Facility has a Stormwater Discharge Permit and Stormwater Management Plan with required inspection and monitoring. The District has satisfied all of the requirements of the permit and was in compliance for 2018.

The January edition of the Rocky Mountain Water magazine included a feature Retrospective and Perspective: Interview with Jim Edwards (see attached). Jim retired last spring after 38 years with the District.

FIELD OPERATIONS

Field Operations continues to work with Planning and AE2S on the Water Master Plan. Staff is also collaborating with the Capital Improvements Program (CIP) team on numerous projects, including the West Vail and Minturn Sewer Main Improvements.

The District recently upgraded the software and network capabilities of the Closed Circuit Television Van (CCTV), used for filming of wastewater main lines. This will allow more detailed recordkeeping of inspections and repairs.
Staff has been evaluating parking and storage options to accommodate the upcoming Avon Wastewater Nutrient Project Upgrade. The 30% design criteria was reviewed for the Bighorn Sewer subdistrict and water system design. Field crews discovered and worked on Fats, Oils and Grease (FOG) issues in the Benchmark shopping center area in Avon. Crews also cleared blockages in Camp Minturn’s private system, which prevented the school from having to close for an extended period of time.

A mainline repair took place at Matterhorn Circle. Staff has been placing tags on our Pressure Reducing Valves (PRV’s) with the PRV settings for each valve. This will facilitate inspections and resetting of PRV’s. PRV’s are a confined space and this will expedite time spent gathering information.

The Mechanical/Electrical (M/E) crew has replaced 180 lamps with new energy efficient LED lights in all the Booster Pump Stations (BPSs).

Field Ops Staff participated in various educational opportunities, including a training on High Density Polyethylene (HDPE) Pipe. Additionally, employees in field operations, water, and wastewater hosted a Colorado Department of Public Health and Environment (CDPHE) class that covered sanitary surveys. This class was in preparation for the wastewater and District water surveys that are not currently scheduled but anticipated to occur in 2019.

ENGINEERING

WATER PROJECTS

Edwards Spur Road Waterline Phase I

Mark Mantua

General Project Scope: The purpose of this project is to install a new water main, as identified in the Water Master Plan and the hydraulic modeling efforts. The system requires improvements to increase capacity and redundancy along the Edwards Spur Road. This project includes approximately 2,500 linear feet of new water main, bridge and river crossings, pressure reducing valve (PRV) vaults and water main blow-offs. The project also includes a sewer interceptor stub-out for future work. A cost-sharing agreement with the Colorado Department of Transportation (CDOT) is in place to substantially reduce the overall cost of the water main installation. CDOT roadway improvements and water main improvements will occur concurrently.

Project Update: Water main installation work began the week of Feb. 18. Staff is collaborating with CDOT on submittal reviews and resolving questions and minor plan discrepancies. A corrosion expert from the design team, HDR, attended a field training seminar on Feb. 18 for cathodic protection installation. Major procurement of the PRV vault is complete. CDOT anticipates mid-summer completion of the water main portion of the scope of work.

Berry Creek Booster Pump Station 1 Replacement

Carter Keller

General Project Scope: The Berry Creek Booster Pump station pumps water from the main Edwards CVC pressure zone (Berry Creek Tank 1) up to the larger Berry Creek Tank 2. This project will replace the station from an in-ground vault to a bunker-style, at-grade access vault. The replacement will increase reliability and address electrical safety issues that were identified, including inadequate access, ventilation, code compliance, and tank hatch improvements. Other items to be addressed include...
landscaping improvements and electrical, instrumentation, and controls upgrades, as well as emergency backup power and pumping connections.

Project Update: Staff is reviewing the preliminary design report which outlines the project requirements and is the basis for plans and specifications. Winter weather delayed the geotechnical investigation work, originally scheduled for early February. Design engineer Tetra Tech and ERWSD will meet with Single Tree Home Owners Association on Feb. 28 to talk about site setbacks and appearance of the new station and any other concerns the committee might have. The project will be bid this summer for fall construction.

Village Hall Water Main

General Project Scope: A water main currently runs underneath the tunnel accessing Village Hall and the Park Hyatt in Beaver Creek. Corrosive soils and high groundwater have led to mainline breaks. The project will replace the main with a non-corrosive PVC main, reestablish the service to Village Hall, and abandon the existing hydrant, making the new line a private service line.

Project Update: A stakeholders meeting was held with representatives from Beaver Creek Resort Company, One Beaver Creek, and the Park Hyatt, and all parties agreed that the project is necessary to reduce future risk of water main breaks in the tunnel. Since the project will disrupt the main loading dock, it must be tightly coordinated with resort operations. Scheduling to minimize disruptions was discussed with stakeholders, with dry stand pipe recommended during spring 2019 and the water main work suggested for fall 2019. Rather than the original approach of installing a new buried PVC water main, staff is exploring the possibility to slip line 10” HDPE pipe through the existing 14” water main, thereby reducing excavation and disruption in an extremely tight construction window.

Vail Wells R2/R6 Electrical Improvements

General Project Scope: The project includes replacement of all existing, outdated electrical equipment, which does not meet current industry standards. The project also includes some minor hydraulic improvements. The Inline Booster Pump Station is now available to provide system redundancy while the wells are offline, allowing the project to move forward.

Project Update: The project started on Feb. 5 as planned. Demolition work is complete and efforts will now be directed to the build-back phase. The project is proceeding within schedule and budget, with substantial completion scheduled for April 5.

Wastewater Projects

Avon WWTF Nutrient Upgrades

General Project Scope: As identified in the Wastewater Master Plan Update, the Avon WWTF requires upgrades in order to meet Regulation 85 to reduce the concentrations of nitrogen and phosphorus in the effluent. These improvements will also allow staff to bypass flows from VWWTF to AWWTF during the peak winter season. This project also includes improvements identified in a 2017 condition assessment in other process areas throughout the facility. Scope includes the following: addition of 0.6 million gallons of aeration basin capacity; a new secondary clarifier; structural modifications to the existing aeration basins to remove the existing double-tees and replace with a building structure; a new odor control study and system; and other improvements throughout the facility.
Project Update: Carollo has submitted the 30% design package for District and contractor review; multiple review sessions were completed. Preliminary cost estimates will be provided to the District the week of Feb. 18. Moltz, Carollo, and Avon WWTF staff are collaborating on innovative ideas surrounding constructability and potential costs. Outreach to local stakeholders (Town of Avon, Liftview condos) continues in anticipation of the 1041 permit submittal to the town of Avon.

OTHER PROJECTS

Bighorn Terrace Water/Sewer Mains

General Project Scope: The Bighorn Terrace Condominium Association approached the District in 2017 about replacing its private sewer main, which is severely deteriorated. A subdistrict was formed in early 2018 to provide a mechanism for repayment of the cost to design and construct the sewer main. The project also includes water main replacement. The District is financing the cost of the water main project and will be reimbursed for the sewer main work.

Project Update: Survey work is complete, and staff is coordinating with Town of Vail, Vail Fire, and local property owners. Thirty percent level design is anticipated by end of February, after which a presentation to the residents is planned. Bidding is expected in late spring 2019 for summer/early fall construction.

Overall Facilities Master Plan

General Project Scope: This project is a long-anticipated master planning effort to study the current and future space needs for the District and Authority, including the existing office spaces, staffing needs, and other support functions such as vehicle fueling, equipment staging, maintenance, and materials storage. An internal steering committee was formed to guide the project and consists of the General Manager and managers from Human Resources, IT, and Field Operations, along with a board subcommittee (Brian Sipes and George Gregory). This study will assess the current real estate portfolio and identify future real estate needs.

Project Update: Staff has been working with the design team to narrow down the list of properties to be studied. A major focus will be on utilization of existing properties and studying the shared usage of a parcel of land in Eagle Vail currently occupied by the Par 3 golf course. Properties eliminated from further consideration include Village at Avon parcels and the Edwards Station property adjacent to Interstate 70. An add service was issued to the design team to take a deeper dive into the structural layouts of the Vail Administration building and perform a code review. These additional tasks will be utilized for many future efforts including expansion/renovation of the Vail Administration office.

Vail Administrative Building HVAC System

General Project Scope: The south portion of the Vail administrative building is served by a variable air volume system, baseboard heat and two air handler units (AHUs). This portion of the building also contains eight different temperature zones, each controlled by a Trane system controller that can only heat or cool at one time. The AHUs are over 25 years old and well past their service life. Certain zones within AHU-1s service area consistently fail to cool efficiently. The District intends to install a new Variable Refrigerant Flow (VRF) system with the ability to simultaneously heat and cool zones in the south portion of the Vail administrative building.

Project Update: BG Building Works was selected as the design engineer to reconfigure the problematic HVAC system at the Vail Administration office. A kickoff meeting and site visit is scheduled for February
21 to introduce the project team and kick off design efforts. We anticipate bidding work for late summer/fall HVAC improvements dependent on the outcome of the assessment/design efforts.
Retrospective and Perspective: INTERVIEW with Jim Edwards

Plant Supervisor, Vail Wastewater Treatment Facility, Eagle River Water & Sanitation District

By Tanja Rauch-Williams, Ph.D., P.E.

YOU JUST RETIRED FROM A LIFELONG service with the ERWSD and RMWEA. Tell us how it all started!
I grew up in Detroit with six sisters as part of a large family. After high school, I went to the University of Michigan. I took general studies, psychology, economics, astronomy, history, and culture, but nothing with water at the time. I worked as a painting contractor while in school.

After I graduated in 1979, I moved to Colorado just intending to come for the winter to go skiing for a while. I came out with a couple of friends from Ann Arbor, and we tried Vail, Telluride, and Aspen. We stayed in Vail for the winter, and I ended up getting a job in the public works department. I did irrigation and had a ski season job. I had intended to only stay for the winter, but through my work I met everybody at the wastewater treatment plant. When there was a job opening in 1980, they asked me to apply and I got the job and started as an operator trainee.

Did the classes you took at college benefit you in any way in your work at the treatment plant?
Not directly, but in life they did. I know a bit about a lot of things and have remained interested in a variety of things. I also never stopped enjoying to learn more about wastewater and treatment and anything associated with it.

What did the Vail facility look like when you started to work there?
The plant was on the same site and used some of the same tanks, but it was much smaller. It was very overloaded at the time. The town had grown much more than projected. They were starting to build a much larger plant at the time I started working there. We had no digestion, and dewatering was done with flocculation and a coil vacuum filter. Most of the old plant was torn down when the new plant was constructed between 1980 and 1982.

This must have been good timing for you to start working and see the plant being constructed.

Yes, it was a perfect time to start. Some of the other people in our industry that were my age got jobs at the same time after the Clean Water Act. There was a need to build new plants everywhere. It was a different feel at this point, with many of us starting at the same time together and retiring about now.

How many staff members covered treatment back then?
We had about six operators, a lab supervisor, and a lab tech. We did [drinking] water also as the Vail Water and Sanitation District at the time but were not yet operating Avon or Edwards. Later on, a few smaller districts merged. Most of our original operators are still working in the field. Some went back to school and got engineering degrees. All of them have done very well, and I am still in touch with many of them.

What were your thoughts on day one when you started your work at the wastewater facility? Did you look at it as an acceptable sacrifice for being able to extend your skiing adventure?
No, not at all! I made a conscious decision to switch into this work as a career path. It looked like a great field to get into for the rest of my life. There was no ski job for me at all anymore. I cared about the environment, and this was not just a job. There were a lot of opportunities with new technologies. I have no regrets; I have enjoyed it immensely!

How did your career progress through the next decade?
I took the certification exams one at a time and became the supervisor at the Avon facility from 1984 to about 1994. The Vail and Avon plants were constructed at about the same time. All three facilities were designed by M&I Engineers and looked similar when they were originally constructed, other than that Vail had ozone treatment at the time. After my time in Avon, I transferred to become the supervisor at the Vail plant. Since I love to ski, it was the perfect location for that. The lifts are so close and with just an hour after work I could walk over and still get a couple of runs in.

How has it impacted your role that your wastewater facility is located in one of the most prominent towns in the United States?
When I started to work in Vail, the plant was on the edge of town. As the town has got bigger, we are now right in the middle with a Ritz Carlton right across the street.
There is pressure to never have odors. We have had great staff that has not given cause for complaints. Every now and then, people have called and said they dropped their wedding rings and if we could look for them. Sometimes people came by to look through the screenings for sentimental things.

You'd only do that for very special things indeed. The housing prices are a big factor for finding and maintaining treatment staff in the mountain communities. The Eagle River Housing Program was started a long time ago and has been a huge benefit for the District. Hiring would otherwise be an even bigger issue. It was one of the smartest things the District ever did, and the program has grown over the years.

What have you enjoyed the most throughout the years in your work?

One of the things I enjoyed the most was working on masterplans. We have updated them regularly, and I have been there long enough that I knew what was going on and what the growth patterns were. I found a report in the last few years about an original sewer study that was done in the 1970s. Given the little data they had at the time and that they could not know where the development of the ski areas would go, it is impressive how accurate their projections were at the time. Forty years later, we can still operate the original collection system. This is what sightful planning can do.

As time went by in the field, I enjoyed collecting data, noticing trends, and learning about new technologies. Technology has changed a lot since I started out. Back then, we had no PLCs, no SCADA, or VFDs. To change the speed of a pump, you'd turn a crank. The blowers were changed by opening manual valves by a notch, and it stayed that way until you changed it again. It is hard to imagine today.

What was it like to get the treatment process ultimately automated?

The first big project was in 2000 when we automated the blowers, and added SCADA, DO control and trending. It was really eye-opening when we saw on the first day what was happening when we were not at the plant.

You were over the years also heavily involved with RMWEA. Why was the important to you?

My involvement with RMWEA was the highlight of my career for sure. I have organized the PWO (Professional Wastewater Operator) seminar for years in Vail. Through the Vail seminar, I met people from all over the state and had good networking opportunities. I met consultants and researchers. A lot of them became good friends and came up and we skied together. I would have never met these people if it had not been for my involvement in the industry and RMWEA.

If you still had years ahead of you, what about wastewater treatment would keep you interested in the future?

I am fascinated by the opportunities that microbial genomics can bring to our understanding of biological treatment. With the last masterplan, I became interested in BioMag and granular sludge and the potential these types of technologies can bring to us for intensification and filament control.

Can you summarize for new people who are just joining our industry what has kept you personally engaged and satisfied through all these years?

I always tell people: You learn something new every day. I worked at the same District my whole career. But even running the same plant, you learn something new every day, and there are new challenges. It is really a fun job, and I encourage people to go into this career and to get involved in RMWEA as well. You will have people to call for ideas and suggestions. I am very glad I got into this field when I really had no background when I started. That was a good move.

Jim, thank you very much for this interview and for everything you have done over the past 38 years for the District, RMWEA, and our industry in general. We all wish you lots of live music and happy skiing for your coming retirement years!

Tanja Rauch-Williams, Ph.D., P.E., is Principal Technologist with Carollo Engineers, Broomfield, Colorado. If you have suggestions for professionals to be interviewed under this series, contact her at trauch-williams@carollo.com.

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Call 303-830-1550 or e-mail info@cwrpda.com | www.cwrpda.com
TO: Boards of Directors
FROM: Melissa Marts, Project Engineer
DATE: February 19, 2019
RE: Avon Wastewater Treatment Facility Nutrient Upgrade Project

Summary of Subject: On behalf of the Wastewater and Capital Improvement Projects (CIP) departments, Melissa Marts will present an update on the Avon Wastewater Treatment Facility (WWTF) Nutrient Upgrades project, the project’s delivery method, and partnering efforts with the District, the design team (Carollo Engineers), and the general contractor (Moltz Construction).

Discussion and Background: The 2017 Wastewater Master Plan Update identified required Avon WWTF upgrades to meet Regulation 85 by reducing effluent concentrations of nitrogen and phosphorus. These reductions will benefit the Eagle River, and the project will allow flow bypassing from Vail WWTF to the Avon WWTF during the peak winter season, postponing the need to upgrade the Vail WWTF. This project also includes numerous improvements throughout the facility identified in the 2017 Condition Assessment, including:

- Increased aeration basin capacity and associated chemical feed systems and piping to meet more stringent nutrient limits;
- A third secondary clarifier to treat additional loading and provide system redundancy;
- Odor control system replacement, with a goal of zero odors at the property boundary;
- Structural, access, and process control improvements to the existing aeration basins;
- Repair and/or replacement of screening, primary scum removal, grit removal, and equalization systems;
- Ancillary improvements such as electrical, controls, HVAC, etc. to support the process expansion work; and
- Aesthetic improvements such as landscaping and exterior painting of buildings.

The Board approved the project team’s recommendation to use an Integrated Project Delivery (IPD) method at the August 24, 2017, board meeting. The chosen IPD method is Construction Manager at Risk (CMAR), which allows for the District to hire a contractor based on qualifications during the design period, before final documents are issued. Using the CMAR method of procurement allows constructability input and real-time cost estimates from a contractor throughout design. Many of the project components will require significant planning and coordination to maintain treatment throughout construction and ensure permit compliance. CMAR is particularly well-suited to effectively manage a project of this complexity.

Key team members from the District, contractor, and engineer participated in a partnering session near the 30% design milestone to ensure this project maximizes the benefit of a CMAR arrangement. Partnering is the process of building a team on sound principles of effective collaboration with the express goal of delivering a successful project together. Red Rocks Advisors facilitated the session, which focused on relationship-building, a vital aspect to the success of any CMAR project. The group came to an agreement on the characteristics and behaviors of a good working environment, as well as project goals to provide clarity and promote alignment. The team agreed on the following project mission:
“Foster a team environment based on respect, integrity, and trust to collaboratively deliver a project that benefits our environment and community.”

The team also accomplished the following:

- Creation of a Draft Report Card to evaluate progress against the project goals
- Establishment of a protocol for issue resolution, and escalation if necessary.
- Identification of “rocks in the road”
- Drafting action plans to address the issues identified.

Partnering session participants found this exercise extremely valuable; the team was aligned and motivated to meet the project goals. Additional partnering sessions will be held after successful guaranteed maximum price (GMP) negotiations (the transition to construction), and annual sessions will be held thereafter to reinforce communication and make adjustments as needed.

The overall project is at the 30% design milestone, permitting efforts have begun with the Colorado Department of Public Health and Environment (CDPHE) and local agencies (Town of Avon). Initial cost estimates and constructability deliverables from the contractor are expected at the end of February. This will be followed by incorporation of 30% comments and design advancement to 60% level. District staff began outreach to Liftview homeowners, since the project could have impacts to their property. In general the project is off to a great start and is well positioned for successful implementation. Staff will be prepared to address any questions from the Board during the presentation.
MEMORANDUM

TO:         ERWSD Board of Directors
FROM:       Jason Cowles, P.E.
DATE:       February 20, 2019
RE:         February 2019 Engineering Report

Rules and Regulations Update

Staff is working through our annual update to the Rules and Regulations and has submitted the proposed changes to legal counsel and the Board subcommittee for review. Due to a request from the public to provide input on the changes, we will provide the updates in your March packet and will be publicly noticing the meeting to allow time to receive comment. Revisions to Appendix G, Backflow Prevention Control will be included in your February packet to satisfy updates requested by the State Department of Public Health and Environment during last year’s sanitary surveys.

Eagle Park Reservoir and Black Lakes #1 Inundation Studies

The inundation modeling studies for Eagle Park Reservoir and Black Lakes #1 were completed by Stantec in early February and have been accepted by the State Dam Safety Branch of the Division of Water Resources. The updated dam breach analyses are comprised of a dam failure analysis followed by a 2-D flood wave simulation along Gore Creek and/or the Eagle River, resulting in flood inundation surfaces delivered in GIS format, along with reach-by-reach time of travel summaries for use by the Eagle County Emergency Management Services. ERWSD applied for, and was awarded FEMA grant funding, administered through the State that covered approximately 1/3 of the cost of these required studies. The grant funds have been paid and dispersed to ERWSD and EPRC. These inundation studies will be used to update the Emergency Action Plan documents for these dams, which will be completed by staff collaborating with the State Dam Safety Branch and Eagle County Emergency Management Services.

Lionshead Zoning Amendment

The Town of Vail Planning and Environment Commission (PEC) held a hearing on January 28, 2019 in response to a proposed zoning amendment to the Lionshead Commercial Mixed Use 1 Zone District. The zoning amendment was proposed by the Treetops Condominium Association which is considering a redevelopment of their property. Town code does not currently limit density for hotel, employee housing, and timeshare units in the Lionshead Mixed Use 1 Zone District, which was put in place in a 1998 code amendment to spur redevelopment of Lionshead. Current
zoning does have limitations on the number of residential dwelling units that are allowed based on lot size. The purpose of the zone amendment was to remove the limitation on residential zoning in the Lionshead Mixed Use 1 Zone District to achieve the Town’s redevelopment goals while being responsive to current market preferences for Air B&B rental units over fractional timeshare units. The zoning change would allow properties in the Lionshead Mixed Use 1 Zone District (see properties shaded in pink on Figure 1) to develop an unlimited number of residential units within currently allowable standards for building setbacks, heights, and gross residential floor areas (GRFA).

![Figure 1 – Lionshead Zoning Map](image)

Staff attended the PEC meeting and relayed our concerns that the zone change could accelerate the timeline and scope of improvements to the Vail Wastewater Treatment Plant that may compound wastewater rate increases necessitated by other planned regulatory improvements. Ultimately, the PEC forwarded a recommendation of approval to the Vail Town Council, which will be heard on March 5, 2019.
MEMORANDUM

TO: Boards of Directors
FROM: Diane Johnson, Communications & Public Affairs Manager
DATE: February 28, 2019
RE: Communications and Public Affairs Report

2019 Colorado Legislative Session

At the January meeting, we discussed House Bill 19-1050, which would extend to special districts a policy from 2013 legislation that said any homeowner association (HOA) rules that require homeowners to have turf grass are unenforceable. The bill passed the House on Jan. 28 and passed the Senate on Feb. 19. The fiscal note, which includes a summary of the legislation, is attached to this report.

In consultation with Chair Friedman and Linn, the District is opposing HB19-1108 (Nonresident Electors and Special Districts). This bill seeks to "expand the ability of nonresident electors to participate in the governance of special districts, and, in connection therewith, allowing nonresident electors who own taxable property within the special district to vote in special district elections and allowing such electors to serve on special district boards in a nonvoting capacity." Former Governor John Hickenlooper vetoed a similar bill (HB18-1181) last June. I have been working with Rep. Roberts, Kristin Moseley, Colorado Water Congress state affairs committee, and the Special District Association to oppose the bill. It passed the House (34 to 28) on Feb. 19 and is not yet on the Senate schedule. The fiscal note, which includes a summary of the legislation, is attached to this report.

On Feb. 15, Governor Jared Polis announced appointments to 48 boards and commissions. Of interest to the District and Authority are those appointed to the:

- **Colorado Water Quality Control Commission**, for terms expiring February 15, 2021: Troy Waters of Fruita; Joan Card of Boulder; Richard Hum of Nathrop (reappointed).
- **Colorado Water Conservation Board**, for terms expiring February 12, 2022: Gail Schwartz of Basalt (replaces Russ George), Jackie Brown of Oak Creek (replaces Jay Gallagher), Jessica Rae Brody of Denver (replaces Patty Wells).

The full (19-page) list of boards and commissions appointments is available online.

Town of Vail community meeting

The District has participated in the town of Vail's Annual Community Meeting as a partner since 2007, staffing a table to answer questions and provide information. For anyone who would like to attend, the meeting is scheduled for 5 to 7 p.m., Tuesday, March 12, at the Donovan Pavilion.

Vail Trailblazer Award

The Vail Town Council selection committee announced Feb. 19 that Glenn Porzak was chosen from among eleven nominations to become the fourth recipient of the Vail Trailblazer Award. Formal recognition will be made at the March 5 Vail Town Council meeting, with further recognition made at the March 12 Annual Community Meeting held at Donovan Pavilion. A news release is attached to this report.
**Eagle River Community Water Plan**
Community meetings for the Community Water Plan are slated for 5 to 7 p.m. on Feb. 21 and 27, at the Avon Town Council Chambers and the Eagle County Building, respectively, as well as for 6 to 7:30 p.m. March 7 (in Spanish) at CMC in Edwards. The announcement is attached to this report.

**Drought and Colorado River operations**
The U.S. Bureau of Reclamation’s *Operation Plan for Colorado River System Reservoirs* (the 24-month study) issued for February forecasts the 2019 April through July unregulated inflow to Lake Powell at 5.30 million acre feet or 74 percent of average. Observed unregulated inflow into Lake Powell for January was 0.210 maf or 58 percent of the 30-year average from 1981 to 2010. The forecast for February unregulated inflow into Lake Powell is 0.250 maf or 64 percent of the 30-year average.

Despite a good (to date) water year, Eagle County remains in "severe" drought (D2 on the D0 – D4 drought intensity scale). Nearly all of southwestern Colorado was finally downgraded from D4 to D3, as that part of the state has also received good snow this winter. View the current drought monitor [here](#).

**Colorado River Drought Contingency Planning**
The Arizona legislature met the Jan. 31 deadline imposed by the Bureau of Reclamation … or so they thought. They [passed the necessary legislation](#), which was followed by California’s Imperial Irrigation District (who had the final review) saying [*$200M is needed to deal with Salton Sea issues*](#), so BOR Commissioner Brenda Burman noted that "close isn’t done" and on Feb. 1 said the [Department of Interior and BOR would seek formal input](#) from Colorado River Basin states’ governors to protect the Colorado River Basin. A [Federal Register notice](#) was issued Feb. 6 that sets March 4 as the beginning of a 15-day period in which the DOI will accept input from the basin states’ governors. Therefore, if the lower basin DCP can be resolved before March 4, everything will be back on track. The deal in Arizona nearly imploded in mid-February; as of Feb. 20, it [may have been salvaged](#). I’ll provide an oral update at the meeting (if desired).

**Attachments:**
1. Colorado Legislative Council staff fiscal note on HB19-1050.
2. Colorado Legislative Council staff fiscal note on HB19-1108.
3. Town of Vail news release re Vail Trailblazer Award recipient.
4. Eagle River Community Water Plan community meetings flyer.
## Summary of Legislation

Under current law, a restrictive covenant of a common interest community (i.e., home owner or condominium owner associations) may not prohibit an individual property owner from employing the use of xeriscape or drought-tolerant landscaping. This bill extends this same policy to common areas under the control of the covenant community's governing board, and specifies that special districts are not exempt from the water conservation law concerning xeriscape landscaping.

### Assessment

The bill primarily affects private property owners and HOAs, and to a lesser extent, special districts that manage open space and park land. The bill will have no impact on the revenue, expenditures, or workload of any state agency or local government, including special districts. For this reason, the bill is assessed as having no fiscal impact.

### Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State and Local Government Contacts

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<tr>
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<th>Natural Resources</th>
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<td>Regulatory Agencies</td>
<td>Special Districts</td>
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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: [leg.colorado.gov/fiscalnotes](http://leg.colorado.gov/fiscalnotes).
Bill Topic: NONRESIDENT ELECTORS & SPECIAL DISTRICTS

Summary of Fiscal Impact:
- State Revenue
- State Expenditure (minimal)
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

This bill expands the definition of eligible elector and allows individuals who do not reside in Colorado to vote in a special district election if they own property within the district. It increases state and local government workload on an ongoing basis.

Appropriation Summary:
No appropriation is required.

Fiscal Note Status:
The fiscal note reflects the introduced bill.

Summary of Legislation
Under current law, a person may only vote in a special district election if he or she is a registered Colorado voter and is either a resident of the special district or the person or his or her spouse owns property within the district. This bill expands the definition of eligible elector and allows a special district, upon passage of a resolution, to permit individuals who do not reside in Colorado to vote in the special district's election if they own property within the district. The bill specifies the registration process for special districts to register non-Colorado resident electors and requires the voter to sign an affirmation confirming they are eligible to vote in the election. Voters who are eligible to vote in special district elections, but are not residents of the state are only permitted to vote for board members, and may not vote for any other candidates, ballot issues, or ballot questions in the district.

This bill also allows special district boards to select additional non-voting board members by a majority vote. These board members cannot reside in the state, but must be eligible to vote in the special district. A board with three members may appoint one non-voting member, and a board with five members may appoint no more than two non-voting members.

State Expenditures
Beginning in FY 2019-20, this bill will increase workload for the Department of Local Affairs to modify forms and instructional information for special districts. This workload is expected to be minimal and can be accomplished within existing appropriations.
Local Government

Under current law, the designated election officials for a special district maintains a voter list to track eligible electors in the special district. This bill will increase workload for election officials to create and update a list of non-resident voters. Costs will also increase to create, print, and mail a separate ballot for non-resident voters. These costs will vary depending on the size of the special district, number of non-resident voters registering, and the frequency of contested elections held by the special district, and have not been estimated.

To the extent that special districts choose to add non-voting members to their board of directors, costs may increase if the special district reimburses non-voting board members for expenses or compensates them for their service.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties County Clerks Local Affairs
Municipalities Secretary of State Special Districts

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.
Water Rights Attorney Glenn Porzak to be Recognized with 2019 Vail Trailblazer Award

19 February 2019

Glenn Porzak, the water rights attorney who has worked tirelessly through the decades to advance and protect water rights for Vail and the Western Slope, has been selected as the recipient of the 2019 Vail Trailblazer Award. Presented by the Vail Town Council, the Vail Trailblazer Award has been established as an annual civic recognition to honor those who contribute their time and talent to make Vail a great resort community.

Porzak will be formally recognized at the March 5 evening Vail Town Council meeting in which a mayor’s proclamation honoring his vast contributions will be read into the public record. Recognition will also take place during the Town of Vail Annual Community Meeting on March 12 at Donovan Pavilion.

Porzak has been an ongoing fixture in the Vail community since the 1970s when he served as the water law counsel for Vail Associates (now Vail Resorts) and later for the current and predecessor entities of the Eagle River Water & Sanitation District and Vail Water Sub-district which provides water and wastewater treatment services to the greater Vail community. His nomination for the Trailblazer Award carries the endorsement of five former mayors as well as past and present members of the board of directors of the Eagle River Water & Sanitation District.

Nominators cited numerous examples of Porzak’s pioneering contributions in creating the water infrastructure essential for Vail’s successful growth as a resort community. For example, in the 1990s he led the effort to negotiate and secure approvals for construction of the Eagle Park Reservoir, located at the headwaters of the Eagle River. This in-basin water storage has been instrumental in supporting snowmaking capabilities on Vail Mountain as well as accommodating Vail’s growth through the decades while ensuring adequate streamflows year-round in Gore Creek and the Eagle River. The complicated water and storage rights for Vail Mountain’s snowmaking water help to ensure quality skiing and snowboarding, even in the driest of years – such as last year.

Porzak helped continue the development of Black Lakes, which are located at the headwaters of Black Gore Creek near the Interstate 70 Vail Pass exit and are part of the district’s water supply system. The two cold-water reservoirs serve as in-basin water storage and reservoir releases enhance streamflows in Gore Creek. They also support fishing, wildlife habitat and recreation through a partnership with Colorado Parks and Wildlife.
Ever the visionary, Porzak was largely responsible for expanding Vail’s recreational amenities by making it possible to build Vail’s whitewater park, which serves as a major spectator-pleasing venue for the iconic Mountain Games event. Located at the Gore Creek promenade in Vail Village, the park opened in 2000 after Porzak authored a new recreational in-channel diversion category as a test case under Colorado water law. The park withstood a series of legal challenges and the game-changing decree was eventually upheld in a ruling by the Colorado Supreme Court. The 2003 judgement has since been used to create other whitewater parks throughout the state.

As the founding partner of Porzak Browning & Bushong LLP, a Boulder-based firm representing water and land use interests, Porzak is well-known for his expertise in the protection of existing water supplies. In an unprecedented move to protect the water interests of Vail and the upper Eagle Valley, Porzak led negotiations in 1998 that limited the amount of water the Front Range cities of Aurora and Colorado Springs could divert from the Eagle River basin, forever protecting local stream flows and fisheries from out-of-basin development interests. He spearheaded the litigation and subsequent negotiations that resulted in the 2007 abandonment of the Eagle-Piney Water Project for which Denver Water owned extensive water rights. The agreement and abandonment forever protect local stream flows and fisheries from trans-basin development. That water project would have taken hundreds of thousands of acre feet of water each year from Gore Creek and the Upper Eagle River and transported that water through a planned tunnel below Vail Pass to Dillon Reservoir.

In announcing Porzak as the 2018 Trailblazer Award recipient, Vail Mayor Dave Chapin says Porzak’s underlying contributions are both vast and visible in most everything we do. “From the water that comes out of our tap, to the amazing recreational amenities we have in this valley, to the protection of our streams from massive transmountain diversions, we owe our gratitude to Glenn for having the courage and the wherewithal to challenge the status quo.”

Porzak said he was “speechless” when notified of the award. “It has truly been an honor to represent the greatest recreational based community, Vail, for over four decades,” said Porzak.

Throughout his career, Porzak has participated in over 120 water court trials and over 30 Colorado Supreme Court appeals. He has been named a Colorado Super Lawyer by 5280 magazine every year from 2006 to 2019.

In his spare time, Porzak has been a world class climber having summited Mt. Everest and three of the world’s other 8,000 meter peaks. He was one of the first persons to climb the Seven Summits, the highest peak on each of the world’s seven continents. He is past president of the American Alpine Club and the Colorado Mountain Club.

Porzak has also been the president of the Manor Vail Homeowners Association and led the effort to remodel the hotel and condominium complex at the base of Golden Peak.

The Vail Trailblazer Award was established during the town’s 50th birthday celebration in 2016. Porzak is the fourth recipient to be honored and was selected by a Town Council committee from among other deserving nominations.

For more information about the Vail Trailblazer Award and the nomination process, visit the town’s website at www.vailgov.com/trailblazeraward.
EAGLE RIVER COMMUNITY WATER PLAN

Learn and weigh in on our community’s plan for the future of water management—balancing community needs and stressors like climate change and population growth.

Two opportunities to participate!

FEBRUARY 21, 5-7PM Avon Town Council Chambers

FEBRUARY 27, 5-7PM Eagle County Building, Garden Level Classroom (PRESENTATIONS FROM 5:30 - 6:30PM)

Open-house format will include educational presentations, opportunities to ask questions to key stakeholders, as well as interactive booths where you can provide input about priority uses and vulnerabilities of the Eagle River.

Spanish-speaking community meeting will be held on March 7, from 6:00-7:30pm at Colorado Mountain College Room 259.
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The following is a summary of items discussed at the January 24, 2019, Authority Board Meeting:

Board members present and acting included: Chair George Gregory, Vice Chair Sarah Smith Hymes, Secretary Kim Bell Williams, Treasurer Geoff Dreyer, directors Mick Woodworth and Pam Elsner.

**Introductions**

Consultant Larissa Read was introduced.

**NEPA 101 and the West Vail Pass Auxiliary Lane Project**

Larissa Read discussed the National Environmental Policy Act (NEPA) with the board, summarizing the main tenets of the act; any entity undergoing a project with potential environmental impacts must evaluate alternatives, study potential impacts, and gather public comments. Larissa discussed applicable regulations and the circumstances under which certain ones would be applicable, including comparison to local projects with which the board is familiar. Larissa specifically discussed the West Vail Pass Auxiliary Lane project and how the project has proceeded so far under the NEPA process. There is concern among local stakeholders that the project will have significant impacts, and that water resources and stormwater runoff are not being adequately considered.

**Unification Discussion**

The board appointed Kim Bell Williams and Sarah Smith Hymes as the subcommittee to discuss unification with a to-be-determined District subcommittee. They will regularly report updates back to the board.

**Appeals Process**

Linn Brooks refreshed the board on the appeals process, by which a customer or developer can appeal a decision of the Construction Review Team, first to the Rules and Regulations Administrator, and next to the General Manager. If a satisfactory conclusion is still not reached, the appeal can escalate to the board. For informational purposes only, Linn reported that the 6 West Developer had appealed the District’s inclusion of storage space in the tap fee calculation. After a site visit, Linn determined that a portion of some of the development’s storage space did not impact water use; two other types of storage area will still be included in the calculation.

**Tour of ADWF**

Brian Tracy noted a recent request from a board member to tour the Avon Drinking Water Facility; he extended the invitation to any interested board members, many of whom were interested. Brian will send out a poll to determine the best available date to schedule the tour.

**Legislative Updates**

Diane Johnson noted the 2019 legislative session began Jan. 4. She is tracking HB19-1050, which would extend to special districts the same policy that came from 2013 legislation, which said any homeowner association (HOA) rules that require homeowners to have turf grass are unenforceable. A recent meeting with Rep. Dylan Roberts and District staff and board members was productive, and staff also has a good relationship with Jill Ryan, an Eagle County Commissioner who was recently appointed executive director of the Colorado Department of Public Health.
and Environment. Diane will continue to monitor legislation relevant to the District and Authority.

**Community Water Plan**

Diane Johnson reported that she and Amy Vogt continue their involvement in the community engagement committee for the Community Water Plan. Upcoming open houses are scheduled for Feb. 21 (Avon Town Council Chambers) and Feb. 27 (Eagle County Building) from 5 to 7 p.m. each evening, with one hour of presentations scheduled for each. A Spanish language meeting is planned for 6 to 7:30 p.m. March 7 at CMC in Edwards. Diane will share more details as they are available.

**Colorado River Drought Contingency Planning**

Diane Johnson discussed drought contingency planning, particularly in the lower basin states. She reported that the Central Arizona Project had approved plans earlier in the day and that the Arizona legislature must approve the plan by Jan. 31 to meet the Bureau of Reclamation deadline.

**Liens for Delinquent Accounts**

Jim Collins shared that he will streamline the legal process for using liens to collect unpaid water bills. The District is statutorily entitled to such a lien regardless of whether it is actually recorded with the county. The board agreed with Jim that no liens will be filed going forward, except under extraordinary circumstances.

**Dillegence Applications**

Glenn Porzak noted diligence applications were filed for Wolford Mountain Reservoir and Homestake Reservoir. The opposition period is currently open for both applications.

**Colorado River Compact Matters**

Glenn Porzak discussed the letter he sent to the Colorado Water Conservation Board (CWC) that states the concerns of the Authority and District regarding the CWC’s proposed actions if a compact call occurs. Such plans make no mention of the priority system that is the foundation of Colorado Water Law. The letter notes that litigation may result from affected West Slope party if the Prior Appropriation system is not the basis of water appropriations decisions in the face of a compact call.
## COMMITTEES

### DISTRICT

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<th>Audit/Budget</th>
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<th>Retirement Plans</th>
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### TRAER CREEK TANK

| George Gregory | Sarah Smith Hymes |

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(A) = Authority
(D) = District