



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

GOVERNED BY:

The Metropolitan
Districts of:
Arrowhead
Beaver Creek
Berry Creek
EagleVail
Edwards

The Town of Avon

M E M O R A N D U M

TO: Board of Directors
FROM: Brian Thompson, Government Affairs Administrator
DATE: October 20, 2023
RE: October 26, 2023, Board Meeting

This memorandum shall serve as notice of the Regular Meeting of the Board of Directors of the Upper Eagle Regional Water Authority:

**Thursday, October 26, 2023
8:30 a.m.**

This meeting will be held in-person

Walter Kirch Room
Eagle River Water & Sanitation District Vail office
846 Forest Road
Vail, Colorado

The meeting can also be accessed on Microsoft Teams. Login information can be requested by sending an email at least 24 hours in advance to info@erwsd.org.

Input from members of the public is welcomed during the meeting's designated Public Comment consistent with § 18-9-108, C.R.S. Speakers may address the Board on a first-recognized basis by the Chair. Public Comments are limited to three minutes per speaker on relevant matters not listed on the agenda.



MEMORANDUM

TO: Boards of Directors
FROM: Brian Thompson, Government Affairs Administrator
DATE: October 20, 2023
RE: Oct. 26 board meeting agenda items

The purpose of this memo is to provide context to certain items on the agenda for the Oct. 26 District and Authority board meetings:

Public Hearings

Public hearings will be held concerning the proposed rate changes and budget for 2024. The board packet includes a board action request memo, copies of the required resolutions, and the updated Proposed 2024 Budget Memorandum.

At each public hearing, staff will present and answer questions from the board. The chair will then ask for public input, which will be limited to three minutes per speaker. The chair will then close the public hearing and ask the board to consider the enclosed resolutions.

Development Report

The Development Report has historically been included under "Information Reports" on board agendas and packets. Based on board feedback, the Development Report will now be incorporated into the Engineering and Water Resources Report. The Development Report is posted as agenda item 8.4.1 on the Oct. 26 agenda.

Draft Policies

David Norris and Kristin Moseley will present drafts of updated policies. No action is required at this meeting. The boards will be asked to review these drafts and consider the policies for adoption at the Dec. 7 meeting.

Staff and counsel are prioritizing the review and update of all board-adopted policies. It is important that policies remain current to ensure proper direction and accountability. Over the summer, staff has inventoried nearly thirty years of archives and analyzed which board-adopted policies are still in use and which policies are either outdated, no longer relevant, or incorporated into the rules or regulations. Staff will continue to present policy updates and sunset recommendations over the next year. We will also develop a schedule for each board to regularly review active policies.

In addition, please note there are no board meetings scheduled in November. The next meeting date is **Dec. 7**.



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

BOARD OF DIRECTORS REGULAR MEETING
October 26, 2023
8:30 a.m.
Walter Kirch Conference Room

AGENDA

GOVERNED BY:

The Metropolitan
Districts of:

Arrowhead

Beaver Creek

Berry Creek

EagleVail

Edwards

The Town of Avon

- | | <u>Attachment Link</u> |
|--|-------------------------------|
| 1. Introductions | |
| 2. Public Comment | |
| 3. Public Hearing Concerning FY 2024 Rates & Fees | |
| 3.1. Res. No. 2023-05: Resolution Increasing Certain Water Service Rates & Fees | Action Item |
| 4. Public Hearing Concerning FY 2024 Budget | |
| 4.1. Res. No. 2023-06: Resolution to Adopt 2024 Budget | Action Item |
| 4.2. Res. No. 2023-07: Resolution to Appropriate Sums of Money | Action Item |
| 4.3. Updated Proposed 2024 Budget Memorandum | Informational |
| 5. Action Items | |
| 5.1. Consideration of minutes from Sept. 28, 2023, Regular Meeting | Action Item |
| 5.2. Res. 2023-08: Resolution Authorizing the Issuance and Sale of Enterprise Water Revenue Bond | Action Item |
| 5.3. Res. 2023-09: Resolution to Exercise an Option to Purchase 25 Acre-Foot of Eagle Park Reservoir Water from ERWSD | Action Item |
| 6. Information Reports | |
| 6.1. Board committees | Informational |
| 6.2. August meeting summary – draft | Informational |
| 7. Board Member Input | |
| 8. General Manager Report – Siri Roman | |
| 8.1. GM information items | |
| 8.2. Business Administration report – David Norris | |
| 8.2.1. Water conservation program update – Allison Ebbets | Informational |
| 8.2.2. Quarterly financial report – Jim Cannava | Informational |
| 8.2.3. Draft of fund balance policy | Informational |
| 8.3. Operations report – Brad Zachman | Informational |
| 8.3.1. Water Quality Control Commission’s Denial of Town of Eagle’s Request for Reconsideration of Regulation 93 | Informational |



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BOARD ACTION REQUEST

TO: Board of Directors
FROM: Brian Thompson, Government Affairs Administrator
DATE: October 20, 2023
RE: Res. 2023-05: Resolution Increasing Certain Water Service Rates & Fees

Summary of Subject: At the Oct. 26 board meeting, a public hearing will be held concerning the 2024 proposed rates and fees. Following the public hearing, the board will consider a resolution to adopt the 2024 rates and fees. David Norris and Jim Cannava will provide more details at the Oct. 26 meeting.

Discussion and Background: The Authority reviews its rates, fees, and charges periodically to ensure that rates support the costs of providing water services. § 32-1-1001(1)(j), C.R.S. At prior meetings, the board has discussed in depth the need to change rates to better align with the actual costs of service and customer usage. The rates and fees prescribed in Exhibit A of the attached resolution are reasonably related to the Authority’s costs based on an analysis performed by staff. These rates and fees were supported by the board budget committee at its Sept. 6 meeting and presented to the full board at the Sept. 28 regular meeting.

Districts (including the Authority in this context) providing domestic water services directly to residents and property owners must consider the rates and fees at a public meeting held at least 30 days after giving notice of such meeting. § 32-1-1001(2)(a), C.R.S. Public notice of the Oct. 26 public meeting was published in the ERWSD Transparency Notice on Sept. 6. Although a public hearing concerning rates and fees is not required, the Authority has historically convened a public hearing to promote community engagement and transparency. Notice of this public hearing was published in the Vail Daily and Eagle Valley Enterprise on Sept. 28.

Legal Issues: This resolution was reviewed by counsel.

Budget Implication: The rates and fees adopted by this resolution will provide revenues considered in preparing the full budget for the Authority for its 2024 operations and capital spending.

Recommendation: Staff recommends the board approve the Resolution Increasing Certain Water Service Rates & Fees

Suggested motion: I move to approve and adopt Resolution 2023-05, Increasing Certain Water Service Rates & Fees, with its attached Exhibit A, as presented .

Attachments:

- Res. 2023-09: Resolution Increasing Certain Water Service Rates and Fees, with its attached Exhibit A: 2024 UERWA Rates

UPPER EAGLE REGIONAL WATER AUTHORITY
RESOLUTION NO. 2023-05
A RESOLUTION INCREASING CERTAIN WATER SERVICE
RATES & FEES

WHEREAS, the Upper Eagle Regional Water Authority (“Authority”) is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing water authority pursuant to law; and

WHEREAS, the Authority Board of Directors (“Board”) has the authority to fix and from time to time increase or decrease fees, rates, and charges pursuant to law for services, programs or facilities furnished by the Authority; and

WHEREAS, the Board hereby finds and determines that it is in the best interest of the public health, welfare and safety of the Authority residents and visitors that the Authority collect adequate revenues to pay ongoing operation, maintenance, capital improvement, and water rights costs; and

WHEREAS, the Board has considered the most recent rate analysis performed by Authority staff and Authority water counsel, and finds the recommended rates, fees and charges contained therein are reasonably related to the overall cost of service; and

WHEREAS, more than thirty days in advance notice to the Authority’s customers of the Board’s intent to consider rate increases at the October 26, 2023, regular meeting, was provided in accordance with Section 32-1-1001(2)(a)(IV), C.R.S.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Upper Eagle Regional Water Authority as follows:

1. The Water and Wastewater Service Rates & Fees, as recommended by staff and attached hereto as Exhibit A and incorporated herein by this reference, are hereby adopted to be effective January 1, 2024.
2. This Resolution shall supersede any contrary provision contained in the Authority’s Rules and Regulations, which shall be modified as soon as reasonably practical to conform with the provisions set forth in this Resolution; provided, however, if there is any charge or fee that is set forth in the Rules and Regulations or elsewhere established, which is not changed by this Resolution, said fee is hereby ratified and shall remain in full force and effect.

ADOPTED AND APPROVED this 26th day of October 2023.

UPPER EAGLE REGIONAL WATER
AUTHORITY

By:

George Gregory, Chair

ATTEST:

By:

Kim Bell Williams, Secretary

Exhibit A



UPPER EAGLE REGIONAL WATER AUTHORITY

UERWA Water Service Base Charge/SFE	
Base Rate Per SFE	\$24.47
Debt Service 2020 Rev	\$7.07
Debt Service 2020 Ref	\$2.75
Debt Service 2013A Bonds	\$3.33
Capital Replacement Program	\$5.23
Base Portion of Bill per SFE	\$42.85

Wastewater Service Base Charge/SFE	
Base Service (min charge 5 kgal)	\$36.72
<i>Additional Winter Average Charge (per kgal)</i>	\$7.34
Capital Replacement Program	\$5.47
Debt Service 2017 Bonds	\$2.75
Debt Service 2020A Bonds	\$5.13
Debt Service 2020B Bonds	\$5.06
Debt Service 2023 Bonds	\$6.91
Base Portion of Bill per SFE	\$62.04

Commercial, Mixed Use, Multi-Family, Municipal/SFE/Month	
Tier 1 (0 - 6 kgal)	\$4.94
Tier 2 (6 - 12 kgal)	\$7.69
Tier 3 (12 - 18 kgal)	\$13.28
Tier 4 (18 – 24 kgal)	\$27.67
Tier 5 (Greater than 24 kgal)	\$41.51

Individually Metered Residential (per kgal)	
Tier 1 (0 - 6 kgal)	\$4.94
Tier 2 (6 - 12 kgal)	\$7.69
Tier 3 (12 - 18 kgal)	\$13.28
Tier 4 (18 – 30 kgal)	\$20.15
Tier 5 (Greater than 30 kgal)	\$28.21

Outdoor Usage

Coverage Based Irrigation/Acre/Month	
Base Rate (per Acre)	\$13.72
Tier 1 (0 - 85 kgal)	\$9.49
Tier 2 (85 - 142 kgal)	\$12.74
Tier 3 (142 – 170 kgal)	\$14.58
Tier 4 (170 – 190 kgal)	\$17.09
Tier 5 (Greater than 190 kgal)	\$20.92

Construction Usage

Seasonal Fire Hydrant Use	
Hydrant and Meter Damage Deposit	\$4,000.00
Meter Install/Removal Fee	\$200.00
Weekly Meter Rental Fee	\$175.00
Water Usage Rates	
Tier 1 (0-9 kgal)	\$9.49
Tier 2 (9-18 kgal)	\$12.74
Tier 3 (18-36 kgal)	\$14.58
Tier 4 (36-72 kgal)	\$17.09
Tier 5 (more than 72 kgal)	\$20.92
<i>Only available April 15 through October 15</i>	

Temporary/Suspended Service Rates/SFE/Month	
Water Service Base Charge	\$34.87
Wastewater Service Base Charge	\$42.19
Water Usage Rates	
Tier 1 (0-6 kgal)	\$9.49
Tier 2 (6-12 kgal)	\$12.74
Tier 3 (12-18 kgal)	\$14.58
Tier 4 (18-24 kgal)	\$17.09
Tier 5 (more than 24 kgal)	\$20.92



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

Upper Eagle Regional Water Authority Impact Fees

RESIDENTIAL		COMMERCIAL - Based on Meter Size						
CONNECTION FEE	Base Rate Per Square Foot	¾"	1"	1½"	2"	3"	4"	6"
		1.5 SFE	2.6 SFE	5.8 SFE	10.3 SFE	23.0 SFE	40.9 SFE	92.1 SFE
UERWA WSIF								
Tier 1 (0-2,500)	\$6.40	\$20,576	\$35,665	\$79,561	\$141,289	\$315,500	\$561,042	\$1,263,374
Tier 2 (2,501-3,500)	\$8.02							
Tier 3 (3,501-5,000)	\$10.00							
Tier 4 (5,000 +)	\$12.52							
ERWSD-Wastewater	\$5.46	\$18,709	\$32,429	\$72,341	\$128,468	286,869	\$510,129	\$1,148,725
The following Other Impact Fee assessment may also apply:								
UERWA-Irrigation Water System Impact Fee	\$1.53 per sq. ft. of irrigation	Applies to new multi-family, open areas, new parks and commercial irrigated areas						

Development, Inclusion, & Dedication Fees

DEVELOPMENT FEE/ DEDICATION/ DEPOSIT	RESIDENTIAL	COMMERCIAL
Inclusion Fee	\$1,182	
Treated Water Storage Dedication (New Tank)	Where no existing regional water storage is sufficient to serve the proposed development, an applicant will be required to construct and dedicate water storage sufficient to serve the needs of the development. See Treated Water Storage Dedication policy.	
Water Rights Dedication Review Deposit	\$1,773	
Water Rights Dedication Cash-in-lieu	\$70,985 per consumptive acre-foot of water*	

2024 OTHER FINES AND FEES

Description	Fee/Fine
Backflow Program Noncompliance Fine	\$500 per violation/per month
Fire Hydrant Meter Relocation Fee	\$200
Penalty Noncompliance Fee	\$150 per SFE/per month
Recording Fee	Actual Cost
Meter Inspection & Re-inspection Fee	\$200
Returned Check or ACH Fee	\$50
Service and Inspection Calls	\$200
Service Turn-off fee for remodel or construction	\$100
Tampering and Unauthorized Use	\$5000 per violation
Turn-off and Turn-on Fee for unpaid charges	\$175
Transfer of Service Fee	\$165
Account Reactivation Fee	\$125
New Connection Application Fee	\$175
Easement Encroachment Review	\$475
Variance Review	\$475
Development Approval Process	\$1,750
Infrastructure Acceptance Process	\$2,000
Delinquent Charge (CRS 29-1-1102)	5% on past due amount



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Edwards

The Town of Avon

BOARD ACTION REQUEST

TO: Board of Directors
FROM: Brian Thompson, Government Affairs Administrator
DATE: October 20, 2023
RE: Budget resolutions

Summary of Subject: At the Oct. 26 board meeting, a public hearing will be held concerning the Authority’s 2024 budget. Following the public hearing, the board will consider resolutions to adopt the budget and appropriate sums of money. The board packet includes these resolutions and the updated Proposed 2024 Budget memorandum. David Norris and Jim Cannava will provide more details at the Oct. 26 meeting.

Discussion and Background: The Authority must submit a certified copy of the adopted annual budget to the Division of Local Government, including the resolution to adopt the budget and appropriate funds. The proposed FY 2024 budget was supported by the board budget committee at its Sept. 6 meeting. The budget was delivered to the full board on Sept. 22 (prior to the Oct. 15 statutory deadline) and discussed at the Sept. 28 regular meeting. Notice of the Oct. 26 public hearing was published in the Vail Daily and Eagle Valley Enterprise on Sept. 28, pursuant to §29-1-106(1), C.R.S.

The Authority’s budget will not be impacted by the passage or failure of Proposition HH, as the Authority does not impose a mill levy or collect property taxes.

Legal Issues: These resolutions were reviewed by counsel.

Budget Implication: The budget will set the Authority’s 2024 operations and capital spending.

Recommendation: Staff recommends the board approve the resolutions to adopt the 2024 budget and appropriate sums of money.

Suggested motions (each resolution should be voted on separately):

- 1) I move to approve and adopt Resolution 2023-10 to adopt the Authority’s 2024 budget, as presented.
- 2) I move to approve and adopt Resolution 2023-11 to appropriate sums of money, as presented.

Attachments:

- Proposed 2024 Budget Memorandum (updated)
- Res. 2023-06: Resolution To Adopt 2024 Budget
- Res. 2023-07: Resolution to Appropriate Sums of Money

UPPER EAGLE REGIONAL WATER AUTHORITY
RESOLUTION NO. 2023-06
RESOLUTION TO ADOPT 2024 BUDGET

WHEREAS, the Board of Directors of the Upper Eagle Regional Water Authority (“Authority”) has appointed a budget committee to prepare and submit a proposed 2024 budget to the Board at the proper time; and

WHEREAS, such budget committee has submitted a proposed budget to this Board on or before October 15, 2023 for its consideration pursuant to § 29-1-105, C.R.S.; and

WHEREAS, to the extent the Authority is deemed a “district” under Article X, Section 20 of the Colorado Constitution (“TABOR”), the Authority is a government-owned business authorized to issue its own revenue bonds and receiving under 10% of its annual revenue in grants from Colorado state and local governments, and has been established as an enterprise under TABOR, and is exempt from TABOR’s requirements, including requirements to establish an emergency reserve and limits on fiscal year spending; and

WHEREAS, upon due and proper notice, published or posted in accordance with the law, said proposed budget was open for inspection by the public at a designated place, and a public hearing was held on October 26, 2023, and interested members of the public were given the opportunity to file or register any objections to said proposed budget; and

WHEREAS, whatever increases may have been made in the expenditures, like increases were added to the revenues so that the budget remains in balance, as required by law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Upper Eagle Regional Water Authority:

1. That estimated expenditures for each fund are as follows:

Enterprise Fund:	\$29,636,834
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2. That estimated revenues for each fund are as follows:

From unappropriated surpluses:	\$244,397
From Bond Proceeds	\$11,703,459
From sources other than general property tax:	\$19,729,029
Total Revenues:	\$31,676,885

3. That the budget, as submitted, amended, and herein summarized by fund, be, and the same hereby is, approved and adopted as the budget of the Upper Eagle Regional Water Authority for the 2024 fiscal year.
4. That the budget, as hereby approved and adopted, shall be certified by the Treasurer and/or President of the Authority to all appropriate agencies and is made a part of the public records of the Authority.

ADOPTED AND APPROVED this 26th day of October 2023.

UPPER EAGLE REGIONAL WATER
AUTHORITY

By: _____
George Gregory, Chair

ATTEST:

By: _____
Kim Bell Williams, Secretary

UPPER EAGLE REGIONAL WATER AUTHORITY
RESOLUTION NO. 2022-07
RESOLUTION TO APPROPRIATE SUMS OF MONEY

WHEREAS, the Board of Directors of the Upper Eagle Regional Water Authority (“Authority”) has adopted the 2024 annual budget in accordance with the Local Government budget laws on October 26, 2023; and

WHEREAS, the Board acknowledges the adoption of Amendment No. 1 on November 3, 1992, and expresses its intent to comply with the Amendment, although ambiguities exist in interpreting its provisions; and in the Authority’s pursuit of compliance with Amendment No. 1, a Reserve Fund has been established to hold fund balances, emergency reserves, and future monies expended into reserves; and

WHEREAS, an Enterprise Fund has been established in accordance with Amendment No. 1, in order to account for the enterprise operations of the Authority as determined by the Board of Directors in accordance with Amendment No. 1; and

WHEREAS, the spending and revenue limits of the Authority, based upon inflation and growth, as defined in Amendment No. 1, have been calculated, although actual valuation figures are not available from the County Assessor, and the best possible data had been utilized in substitution; and

WHEREAS, the Board of Directors for the Authority has made provision therein for revenues in an amount equal to the total proposed expenditures as set forth in said budget; and

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the budget to and for the purposes described below, as more fully set forth in the budget, including any interfund transfers listed therein, so as not to impair the operations of the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for the Upper Eagle Regional Water Authority that the following sums are hereby appropriated from the revenues of each fund, to each fund, for the purposes stated:

Total Appropriation:	\$30,008,359
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ADOPTED AND APPROVED this 26th day of October 2023.

UPPER EAGLE REGIONAL WATER
AUTHORITY

By:

George Greogry, Chair



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

M E M O R A N D U M

GOVERNED BY:

The Metropolitan
Districts of:
Arrowhead
Beaver Creek
Berry Creek
EagleVail
Edwards

The Town of Avon

TO: Board Directors
FROM: David Norris, Director of Business Administration
DATE: October 18, 2023
RE: Proposed 2024 Budget

Introduction

An effective and efficient budget proposal is one that is a team effort and a cross-collaboration from all department managers and staff. This budget season, we continued the hybrid approach of zero-based budgeting and looked at revenue first. Using a collaborative effort of a cross-departmental team to aide in developing the proposed 2024 District and Authority budgets, the attached draft budget packet includes the staff recommended budgets for 2024.

The budget schedule is largely driven by statutory requirements. Critical dates are:

- Oct 15: Draft Budget must be submitted to each Board (Section 29-1-105, CRS)
- Dec. 15: Adopt Budget and appropriate moneys, if certifying a mill levy (Section 29-1-108 (2), CRS)

Executive Summary

The largest takeaways from the budget subcommittee meetings and the associated materials are as follows:

- Total Decision Items for 2024 equal 3 or \$864,200
- Authority proposed water rates:
 - Commercial, Mixed Use, Multifamily, Municipal - 4%
 - Individually Metered Residential:
 - Transition away from SFE multiplier on water tiers but kept on base rates.

Tier	Increase/Decrease
1	4%
2	4%
3	3%
4	-25%

5	-30%
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- Wastewater rates: 20.2%
- Combined total increase to rates: 10.9%
- Irrigation only rates:
 - Added base rates.
 - Transition to Coverage Based Irrigation Rates for all irrigation only customers.

Tier	Increase/Decrease
1	37.33%
2	18.62%
3	-20%
4	-30%
5	-28.43%

- Operating Agreement: \$8,481,648 an increase of \$1,056,648, or 14%
- To increase financial health, protect from unforeseen economic events, and to supplement future bonds, a fund balance policy & investment policy will be proposed in 2023 as part of the strategic plan.
 - Proposed fund balance target ceiling of at least 6 months up to a ceiling equal to 1 year of non-bonded expenses or \$17,678,978 for 2024.
- The Capital Improvement Plan, 2024 Budget, and estimated bond fund needs have been updated to reflect an updated Bolts Lake spend timeline. The 2024 Bond Budget increased \$784,994.
- Total proposed bond issuance as indicated in this packet and in the bond resolution in the board packets totals \$22,000,000, which is a decrease from the first look of the budget of \$10,102,856. The rationale for the reduction was completed to reduce the impact on the rate packages in the future, and the projects represented are limited to projects that are ready to commence. The proposed bond issuance will result in an estimated debt service impact of \$8.55 per SFE per month and will be deferred to the 2025 budget.

Budget Summary

Below is a summary of the proposed 2024 budget. Each topic was discussed in more detail at the first budget subcommittee meeting.

(Table 1: Proposed 2024 Budget Summary)

Total Budget Comparison	Amount	\$ Change	% Change
2023 Revised Budget	25,754,331		
2023 Projection	19,492,959	(6,261,372)	-24.31%
2024 Proposed Budget	24,692,387		
2023 Projected Carryforward	4,944,448		
2024 Total Appropriated Funds	29,636,834	10,143,875	52.04%

- Operating increase 9% over the 2023 projection, 9.1% over the 2023 revised budget
- Capital/CRP increase 15.6% over the 2023 projection, no increase over the 2023

- revised budget.
- Bond increase 97.1% over the 2023 projection, 24.2% decrease from 2023 revised budget.

Net Income Summary

The proposed 2024 budgeted net income is \$2,050,051 to grow the fund balance and reduce the reliance on Bond funding for future projects and improve the financial health of the Authority. The positive Operating net income offsets the CRP and Capital deficits.

(Table 2: 2024 Proposed Net Income Summary)

Type	Revenue	Expense	Net
Operating	15,264,293	12,132,568	3,131,725
Debt Service	2,748,426	2,871,560	(123,134)
CRP	1,092,055	1,197,500	(95,445)
Capital	624,255	1,487,350	(863,095)
Subtotal	19,729,029	17,688,978	2,050,051
Bond Projects		7,003,409	
Total		24,692,387	

Rate Summary

(Table 3: Proposed 2024 Water Base Rates)

Water Service Base Charge/SFE/Month				
	2023	2024	\$ Change	% Increase
Base Rate	23.53	24.47	0.94	4.0%
Typical Use (6kgal)	28.5	29.64	1.14	4.0%
Debt Service 2013A Bonds	3.34	3.33	(0.01)	-0.3%
Debt Service 2020 Rev	6.75	7.07	0.32	4.7%
Debt Service 2020 Ref	2.80	2.75	(0.05)	-1.8%
Capital Replacement Program	4.75	5.23	0.48	10.0%
Base Portion of Bill per SFE	69.67	72.49	2.82	4.0%

Commercial, Mixed Use, Multi-Family, Municipal/SFE/Month				
Water Usage Rates (per kgal)	2023	2024	\$ Change	% Increase
Tier 1 (0-6 kgal)	4.75	4.94	0.19	4.0%
Tier 2 (6-12 kgal)	7.39	7.69	0.30	4.0%
Tier 3 (12-18 kgal)	12.89	13.28	0.39	3.0%
Tier 4 (18-24 kgal)	26.86	27.67	0.81	3.0%
Tier 5 (more than 24 kgal)	40.30	41.51	1.21	3.0%

Individually Metered Residential *				
Water Usage Rates (per kgal)	2023	2024	\$ Change	% Increase
Tier 1 (0-6 kgal)	4.75	4.94	0.19	4.0%
Tier 2 (6-12 kgal)	7.39	7.69	0.30	4.0%
Tier 3 (12-18 kgal)	12.89	13.28	0.39	3.0%
Tier 4 (18-30 kgal)	26.86	20.15	-6.71	-25.0%
Tier 5 (Greater than 30 kgal)	40.30	28.21	-12.09	-30.0%

*Per board direction, the rates for individually metered residential accounts are listed above as well as the rates for all other account types and the proposed rate structures. SFE multiplier reduced to 1.0 for water use only where the multiplier will still apply to base rates.

Coverage Based Irrigation/Acre/Month*				
Irrigation Usage Rates (per kgal)	2023	2024	\$ Change	% Increase
Base Rate (per Acre)		13.72	13.72	100.00%
Tier 1 (0-85 kgal)	6.91	9.49	2.58	37.33%
Tier 2 (85-142 kgal)	10.74	12.74	2.00	18.62%
Tier 3 (142-170 kgal)	18.23	14.58	-3.65	-20.00%
Tier 4 (170-190 kgal)	24.41	17.09	-7.32	-30.00%
Tier 5 (Greater than 190 kgal)	29.23	20.92	-8.31	-28.43%

*Per board direction, transitioning all irrigation only accounts to coverage-based rates listed above and added base rate to the structure. The table above shows the tiered allotments per acre at the 2024 prices.

Temporary/Suspended Service Rates/SFE/Month				
	2023	2024	\$ Change	% Increase
Water Service Base Charge	29.41	34.87	5.46	18.57%
Wastewater Service Base Charge	33.79	42.19	8.40	24.86%
<i>Water Usage Rates</i>				
Tier 1 (0-6 kgal)	6.91	9.49	2.58	37.34%
Tier 2 (6-12 kgal)	10.74	12.74	2.00	18.62%
Tier 3 (12-18 kgal)	20.55	14.58	-5.97	-29.05%
Tier 4 (18-24 kgal)	33.03	17.09	-15.94	-48.26%
Tier 5 (more than 24 kgal)	49.55	20.92	-28.63	-57.78%

Seasonal Fire Hydrant Use				
	2023	2024	\$ Change	% Increase
Hydrant and Meter Damage Deposit	4,000	4,000	0	0%
Meter Install/Removal Fee	168	200	32	19.04%
Weekly Meter Rental Fee	143	175	32	22.37%
Water Usage Rates				
Tier 1 (0-9 kgal)	6.91	9.49	2.58	37.34%
Tier 2 (9-18 kgal)	10.74	12.74	2.00	19.04%
Tier 3 (18-36 kgal)	20.55	14.58	-5.97	-29.05%
Tier 4 (36-72 kgal)	33.03	17.09	-15.94	-48.26%
Tier 5 (more than 72 kgal)	49.55	20.92	-28.63	-57.78%
<i>Only available April 15 through October 15</i>				

(Table 4: Proposed 2024 Wastewater Base Rates)

Wastewater Service Base Charge/SFE/Month (7.13 per kgal to 7.34 per kgal)				
	2023	2024	\$ Change	% Increase
Base Service (min charge 5 kgal)	35.65	36.72	1.07	3.0%
Capital Replacement Program	5.31	5.47	0.16	3.0%
Debt Service 2017 Bonds	2.77	2.75	(0.02)	-0.7%
Debt Service 2020A Bonds	2.74	5.13	2.39	87.2%
Debt Service 2020B Bonds	5.15	5.06	(0.09)	-1.7%
Debt Service 2023 Bonds	0.00	6.91	6.91	
Base Portion of Bill/SFE/Month	51.62	62.04	10.42	20.2%

Combined Water and Wastewater				
Typical customer pays per SFE/Month:	2023	2024	\$ Increase	% Increase
UERWA Customer	121.29	134.53	13.24	10.9%

(Table 5: Impact Fees, Development, Inclusion, & Dedication Fees)

Upper Eagle Regional Water Authority Impact Fees								
CONNECTION FEE	RESIDENTIAL	COMMERCIAL - Based on Meter Size						
	Base Rate Per Square Foot	¾" 1.5 SFE	1" 2.6 SFE	1½" 5.8 SFE	2" 10.3 SFE	3" 23.0 SFE	4" 40.9 SFE	6" 92.1 SFE
UERWA WSIF								
Tier 1 (0-2,500)	6.40	20,576	35,665	79,561	141,289	315,500	561,042	1,263,374
Tier 2 (2,501-3,500)	8.02							
Tier 3 (3,501-5,000)	10.00							

Tier 4 (5,000 +)	12.52							
ERWSD-Wastewater	5.46	18,709	32,429	72,341	128,468	286,869	510,129	1,148,725
The following Other Impact Fee assessment may also apply:								
UERWA-Irrigation Water System Impact Fee	1.53 per sq. ft. of irrigation	Applies to new multi-family, open areas, new parks and commercial irrigated areas						

- Anchoring to construction costing index, the rates above are increased 7.45% in 2024. +

(Table 6: Development, Inclusion, & Dedication Fees)

2024 Development, Inclusion, & Dedication Fees		
Eagle River Water & Sanitation District	Upper Eagle Regional Water Authority	
DEVELOPMENT FEE/ DEDICATION/ DEPOSIT	RESIDENTIAL	COMMERCIAL
Inclusion Fee	1,182.00	
Treated Water Storage Dedication (New Tank)	Where no existing regional water storage is sufficient to serve the proposed development, an applicant will be required to construct and dedicate water storage sufficient to serve the needs of the development. See Treated Water Storage Dedication policy.	
Water Rights Dedication Review Deposit	1,773.00	
Water Rights Dedication Cash-in-lieu	70,985 per consumptive acre-foot of water*	

- Anchoring to construction costing index, the rates above are increased 7.45% in 2024. The Cash-in-Lieu rate is proposed to increase 7.45% compared to 2023 in anchoring to the construction costing index.

2024 OTHER FINES AND FEES		
	2023	2024
Description	Fee/Fine	Fee/Fine
Backflow Program Noncompliance Fine	500 per violation/per month	500 per violation/per month
Fire Hydrant Meter Relocation Fee	200	200
Penalty Noncompliance Fee	150 per SFE/per month	150 per SFE/per month
Recording Fee	Actual Cost	Actual Cost
Meter Inspection & Re-inspection Fee	200	200
Returned Check or ACH Fee	50	50
Service and Inspection Calls	100	200
Service Turn-off fee for remodel or construction	100	100
Tampering and Unauthorized Use	5000 per violation	5000 per violation
Turn-off and Turn-on Fee for unpaid charges	150	175
Transfer of Service Fee	145	165
Account Reactivation Fee	100	125
New Connection Application Fee	150	175
Easement Encroachment Review	450	475

Variance Review	450	475
Development Approval Process	1,675	1,750
Infrastructure Acceptance Process	1,950	2,000
Delinquent Charge (CRS 29-1-1102)	3% on past due amount	5% on past due amount

(Table 7: Fund Balance Summary)

Authority	Fund Balance
Beginning Balance	3,854,285
2023 Projected Contribution	3,523,770
2024 Projected Beginning Balance	7,378,055
2023 Carry Forward	(244,397)
2024 Contribution	2,050,051
2024 Projected End Balance	9,183,709

- The projected fund balance growth is primarily due to Water System Impact Fees of major projects paying their impact fees in 2023, interest, and water use revenues. The projection includes the proposed water rights purchase in 2023 of \$1,651,575.
- To increase financial health, protect from unforeseen economic events, and to supplement future bonds, a fund balance policy & investment policy will be proposed in 2023 as part of the strategic plan.
 - The proposed fund balance target has a floor of at least 6 months up to a ceiling equal to 1 year of non-bonded expenses or \$17,678,978 for 2024. With a projected 2024 fund balance of \$9,183,709, this puts the Authority under target by \$8,495,269.

Budget Overview

2023 Operating Expense Budget Forecast

The 2023 operating budget was \$11,124,457; the 2023 projected operating expenditures are \$11,133,017, less than 1% over budget. The projected 6.7% operating agreement overage is offset by legal, electric, and meter purchases projected under budget.

Note: Total expenditures include operations, outsourced services, operating agreement, and *exclude* any expenditures related to debt service or debt issuance as those are typically capitalized and represented in our capital budgets.

2024 Operational Expense Budget Summary

The 2024 operating budget decision item narratives describing each request are included as an attachment to this memorandum. The proposed 2024 operating budget is \$12,132,567, an increase of \$1,008,110 or + 9.06% over the 2023 budget. The table below illustrates the proposed 2024 budget by department, as it relates to the 2023 budget.

(Table 8: Department YOY Comparisons)

Department	2023 Budget	2023 Projection	2024 Budget	YoY Budget Var	% Change
Administration & Community Relations	141,800	70,955	115,100	(26,700)	-19%
Engineering	612,806	573,703	606,242	(6,564)	-1%
Field Ops	730,000	649,243	750,368	20,368	3%
Lab	50,000	50,000	50,000	0	0%
Finance	7,324,777	7,812,694	8,360,257	1,035,480	14%
Ops Tech	85,000	69,937	100,000	15,000	18%
Utility Services	550,000	408,402	520,000	(30,000)	-5%
Water	1,438,074	1,285,597	1,490,600	52,526	4%
Water Conservation	192,000	212,487	140,000	(52,000)	-27%
Total	11,124,457	11,133,017	12,132,567	1,008,110	9.06%

The most significant change to the proposed 2024 Operating Budget is an increase to the Operating Agreement with the District to offset growth in personal services, Life Cycle expenses, and CIP contributions to major projects.

Upper Eagle Regional Water Authority Operations Agreement

The Authority has contracted with the District to operate and maintain the water treatment plants in Avon and Edwards, the Berry Creek and Cordillera wells, the water distribution system, and to provide support services including accounting and billing, customer service, engineering, and other administrative activities such as board support and staff management. The Operations Agreement covers time, administrative costs, and office equipment and supplies associated with supporting the Authority’s operations.

The Authority is billed monthly by the District based on an annually budgeted amount, and then the accounts are reconciled for each preceding year once the respective costs are properly allocated to each entity. In 2023, the operations agreement was increased from \$6,750,000 to \$7,425,000. The projected need for 2024 is \$8,481,648. The intent is for rates to cover the total expenses associated with the Operating Agreement versus dipping into fund balance to cover the costs.

At the end of the fiscal year, true ups commence, and the Authority pays what is needed. Within the total budget package, there is an \$8,481,648 operations agreement request for 2024. This represents a 14% increase over 2023 due to increased operational costs.

Routine operations overhead include office and operations facilities, supplies and management overhead. Its components are generally split on payroll allocation percentage basis for the Authority and District, respectively. Personnel expenditures are based on the estimated costs for the District staff time spent on Authority operations.

For historical perspective, the below illustrates the actual costs related to the Operations Agreement since 2014.

(Table 9: UERWA Operating Agreement Historical Actuals)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Budget	3,345,025	3,672,879	4,076,066	4,076,066	4,080,000	4,100,000	4,700,000	4,700,000	6,750,000	7,425,000	8,481,648
Actual	3,942,664	4,061,355	3,912,674	4,914,771	4,961,104	4,959,745	6,555,621	7,539,684	8,434,768	7,924,998	
Fund Impact	(597,639)	(388,476)	163,392	(838,705)	(881,104)	(859,745)	(1,855,621)	(2,839,684)	(1,684,768)	(499,998)	

*Increases in 2024 are primarily driven by increases in operational costs. From 2014 – 2023 the UERWA fund balance has been absorbing the overages in the budget and actuals from the Operating Agreement totaling \$10,282,348.

A detailed breakout of the distributive costs associated with the Operating Agreement is attached in Appendix E.

Overall Payroll, and Benefits

The Operating Agreement indirectly pays for a portion of payroll and benefits. The total number of full-time employees for 2024 proposed to the District board is 1.5. The increase of 1.5 FTE brings the full-time positions to a total of 144. Budget impacts due to FTE increases are \$204,329. While 1.5 additional FTE are being requested for this budget cycle, there were needs surpassing the requested FTE for the coming year. In addition to the 1.5 FTE request, staff requested from the District board (to which the board approved), 2 off-cycle positions, one water and one wastewater operator in 2023, which impacts the total payroll and benefits costs. With a collaborative effort among the departments, the strategy was developed to concentrate on maintaining the compensation study through cost-of-living adjustments and reduce the FTE requests to allow for debt service rate increases.

- Customer Service – Front Desk Administrative Assistant Part-Time to Full-Time
- IT – SharePoint Developer and Database Administrator
- 4% Cost of Living Adjustment
- 3% Merit Increase

(Table 10: PS Decision Items)

Request	FTE	Operating	Capital	Total
IT – Network Administrator	1	201,329	3,000	204,329
Cost of Living Adjustment		537,574		537,574
Merit Increase		374,510		374,510
Total	1	1,113,413	3,000	1,116,413

The proposed budget includes a 4% cost-of-living adjustment (COLA), and 3% merit. The combined increase is equal to \$912,084.

Health and other benefit costs are projected to increase by 6%. It is proposed that the District split the increased health costs with employees. The total health, dental, vision, and life are estimated to increase from \$3,322,174 to \$3,521,505, for a total of \$199,331. The proposed budget includes a 75% (4.5%) / 25% (1.5%) distribution of the costs with the employee.

Total District personnel costs (salaries and benefits) for 2024 are budgeted at \$19,281,020, an increase of \$1,730,603 from the 2023 projection, or 9.86%. Of this increase, \$1,137,952 is dedicated to FTE decision items (1.5 new FTE), and the COLA/Merit package.

Capital Budget Overview

The 10-year Capital Budget Spreadsheet for 2024 and decision item narratives describing each request are included as an attachment to this memorandum. The total proposed 2024 capital budget is \$8,289,065, including bonded projects. Of the \$8,289,065 total budget, the below articulates the following major capital projects, where the remaining projects are listed in the 10-year Appendix B:

(Table 11: Major Capital Projects)

Fund Type	Project Name	2024 Budget	Total Project Budget
Bond Project	Arrowhead Transmission Main Rehab	2,500,000	3,350,000
Bond Project	Beaver Creek BPS 1,2, & 3 Rehabilitation	1,000,000	11,851,400
Bond Project	Bolts Lake Reservoir	1,659,994	68,804,205
Bond Project	Cordillera West Tank 1 Rehabilitation	685,800	762,000
Bond Project	Wildridge BPS and PRV Improvements	543,415	6,793,415

In addition to 2024 requests for funding, the proposed 2024 capital budget is also comprised of projected carryforwards and returned funds from 2023. While every effort is made to accurately forecast project timing, rollovers and returned funds occur for various reasons. The major components are detailed below:

(Table 12: 2023 to 2024 Budget Carryforward Summary)

Fund Type	Project Name	Estimated Carryforward
Bond Project	Wildridge BPS and PRV Improvements	3,956,585
Bond Project	Fenno Well House/Raw Water Conveyance	225,000
Bond Project	Bolts Lake Reservoir	261,812
Bond Project	Beaver Creek BPS 1,2, & 3 Rehabilitation	222,537
Capital	Water Treatment Master Plan	190,364
Capital	ADWF Bathroom/Kitchen Remodel	37,426
Bond Project	Cordillera West Tank 1 Rehabilitation	29,532
Capital	ADWF Domestic Lift Station Rehabilitation	15,607
Bond Project	Arrowhead Transmission Main Rehab	4,584

The total carryforward is estimated to be \$4,944,448, where \$243,397 comes from operating revenues (fund balance) and \$4,700,050 comes from bond funds.

(Table 13: 2023 Return to Fund Summary)

Fund Type	Project Name	Estimated Carryforward
Bond Project	RTU System Upgrade	149,411
Capital	Water System Emergency Power	147,587
CRP	CRP-Water Storage Tank Improvements	100,000
CRP	CRP-OT Network Upgrade/Improvements	25,000
CRP	CRP-Safety/Security	10,000

The total returned funds are estimated to be \$431,998 comprised of \$149,411 from Bond projects, and \$282,587 from Capital and CRP.

Debt Service

As stated in the 2023 budget memo, it is anticipated a revenue bond will be needed in 2023. The ongoing water master plan has informed the estimates in the table below. In the 2023 second quarter financial report, we estimated the bond issue need would be \$20MM and the associated per SFE per month rate would be an estimated \$6.85. The revised Capital Improvement Plan reflects a need for \$22MM to fund projects through 2026. The associated debt service rate is an estimated \$8.55 per SFE per month.

(Table 14: Bond Fund Projection)

UERWA	Bond Fund Balance
Beginning Balance	(893,928)
2023 Projection	3,670,725
2023 Projected Beginning Balance	(4,564,653)
2023 Carryforward	4,700,050
2024 Budget	7,153,409
2025 Budget	3,921,894
2026 Budget	1,659,994
2026 Ending Bond Balance	(22,000,000)

Bond Projects	2023 Budget*	2024 Budget	2025 Budget	2026 Budget	3-Year
Wildridge BPS and PRV Improvements	4,748,548	543,415	1,250,000	-	6,541,963
Upgrade PLC 6 @ ADWF-Master PLC	2,061,659	-	-	-	2,061,659
Fenno Well House/Raw Water Conveyance	300,000	-	-	-	300,000
Bolts Lake Reservoir	2,054,558	1,659,994	1,659,994	1,659,994	6,621,689
Cordillera West Tank 1 Rehabilitation	76,200	1,300,000	-	-	1,376,200
Arrowhead Transmission Main Rehab	23,738	2,500,000	500,000	-	3,023,738
ADWF Electric Service Improvements		150,000	150,000	-	712,851
Beaver Creek BPS 1,2, & 3 Rehabilitation		1,000,000	361,900	-	1,361,900
Total	9,264,703*	7,153,409	3,921,894	1,659,994	22,000,000

*Includes previous years expenditures

Consumer Price-Index

Past budget cycles included a memo documenting the Consumer Price Index values and their impact on all. The Consumer Price Index, CPI, is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas. While the information is informative, Denver-Aurora- Lakewood is not as representative of CPI metrics in the high mountains. Using the Bureau of Labor Statistics going forward and anchoring to Mountain-Plains information, annual increase through June 2023 compared to June 2022 is 3.7%. Projected December 2023 CPI values near 3.5% for the same region.

Decision Items

(Table 15: Decision Items)

Department	Type	Description	2024	2025	2026	2027	2028	2029	2030	Project Total
Water	Capital	Cordillera West Tank 1 Rehabilitation	614,200							672,058
Water	Capital	ADWF Electric Service Improvements	150,000	2,000,000						2,150,000
Water	Capital	Bachelor Gulch Tank 4 and Straw Park Tank		100,000	1,000,000					1,100,000
Water	Capital	ADWF Bathroom/Kitchen Remodel	100,000	310,530						460,530
Water	Capital	EDWF PLC and Control Improvements						250,000	3,000,000	3,250,000
Water	Capital	Arrowhead Tank 2 Rehabilitation		75,000	750,000					825,000
Water	Capital	EDWF Treatment Improvements			450,000	4,000,000	2,000,000			6,450,000
		Total	864,200	2,485,530	2,200,000	4,000,000	2,000,000	250,000	3,000,000	14,907,588

Decision Items Details

1. Name of Request: Cordillera West 1 Tank

Department: **Water**

Problem or Opportunity:

The Cordillera West 1 tank was noted in 2018 comprehensive inspection report that it contained some corrosion issues and needed rehabilitation within 5 years. As part of the rehabilitation, CDPHE requires that major rehabilitation requires that the utility bring the tank into current design standards, meaning multiple entry hatches, overflow and venting evaluation and improvements, etc. In order to install new venting, some structural modifications are required to the roof. Steel tanks require periodic rehabilitation prior to a failure. This project has been in the 10-year CIP since 2020 and the decision item reflects considerable cost escalation since the original estimates were provided.

Consequences of Problem:

Failure to proactively rehabilitate the WST could lead to leaks or sanitary issues which could have public health and water supply delivery concerns. This tank receives water from the Fenno Wellhouse and Cordillera West 1 BPS and is critical to supplying not only the zone served by the tank but upper zones in the western side of Cordillera.

Proposed Solution:

A full rehabilitation proactively improves the infrastructure before it fails or causes other operational issues. The scope includes venting and overflow analysis and redesign, structural repairs, sandblasting and recoating, grading and drainage work and other work to bring the tank into current design standards and extend the life of the infrastructure by at least 20 years. It is likely a cathodic protection system will be installed to further prevent steel corrosion.

Costs:

Source: Capital

Costs	2024
Design/Permitting	614,200
Construction	
Totals:	614,200

2. Name of Request: ADWF Electric Service

Department: **Water**

Problem or Opportunity:

The capacity of the ADWF is rated at 10MGD. However, previous studies indicated that there are limitations on pumping capacity due to the size of the incoming electrical service. At certain conditions, they are at risk of overheating the conductors at over 1,100 amps and potentially causing catastrophic electrical failure. The facility has backup power capabilities to run on a limited basis for a short period of time, but an extended outage of ADWF would likely result in a water supply emergency. Other treatment improvements are still pending based on completion of the master planning effort, but this improvement is one that can increase plant capacity and set us up for future treatment and production capacity improvements, whatever they may be. This is truly a strategic project as it addresses a need that accommodates uncertain future improvements.

Consequences of Problem:

Failure to complete this project could result in overheating and melting wire insulation which could result in a high voltage short circuit or utility outage. Further, any production improvements will likely result in this project needing to happen eventually, so forward progress can be made on the facility while we determine an exact strategy for treatment and production improvements. There is a small but high consequence risk of electrical system failure that should be addressed at the most critical water system asset.

Proposed Solution:

The exact scope of work is yet to be determined but generally will include the following items:

- Replace existing transformer and CT cabinet in coordination with Holy Cross
- New duct bank and conductors from XFMR to main service gear
- Misc. site restoration
- Misc. modifications to main service gear
- New larger main service switch gear if existing main service size is exceeded due to additional electrical demands at ADWF (larger FW pumps, energy intensive treatment processes, etc.)

- Conductors from new gear to old gear and other feeders from new gear.
 - Assumes we can find space for new gear.

Costs:

Source: Capital

Costs	2024	2025
Design/Permitting	150,000	
Construction		2,000,000
Totals:	150,000	2,000,000

3. Name of Request: Bachelor Gulch to Strawberry Connection

Department: **Field Operations**

Problem or Opportunity:

The 2020 Distribution Master Plan identified a lack of available fire flow (AFF) in Bachelor Gulch Zones 2, 3, 4 and Strawberry Park 1 and 2. This project envisions additional storage at BG4, with a pipe and PRV connection between BG zone 4 and Strawberry Park 2. This will add additional storage and fire flow capabilities to multiple zones with a relatively small improvement. PRV usage could also help with tank turnover and water quality in these far reaches of the pressure zones.

Consequences of Problem:

A fire flow event in the area would use a majority of the storage, potentially causing operational and water supply issues for adjacent zones. The 2020 distribution MP recommended projects that make strategic improvements to the water system, increasing levels of service and redundancy/reliability of the water system.

Proposed Solution:

The solution as contemplated in the Master Plan involves the construction of additional storage at Bachelor Gulch 4 and a pipeline/PRV connection to Strawberry Park 2 zone. This improvement will put more storage ‘on top of the hill’ and will allow for greater fire flow volumes in all of the pressure zones below.

Costs:

Source: Capital/Bond

Costs	2025	2026
Design/Permitting	100,000	
Design/construct		
Construction		1,000,000
Totals:	100,000	1,000,000

4. Name of Request: Bathroom/Kitchen Remodel

Department: **Field Operations**

Problem or Opportunity:

ADWF lacks adequate and equal bathroom and shower facilities for its female staff. With the admin expansion project on hold, certain components such as this one need to be advanced forward. Plus, the bathroom needs a remodel, the dishwasher is broken, cabinets are hanging by one hinge, etc.

Consequences of Problem:

We could be at risk of not providing equal facilities for all genders. Also, facilities can have an impact on staff morale and satisfaction.

Proposed Solution:

We are in preliminary design of improvements to the facility to provide for a women’s restroom and shower facility as well as a kitchen remodel. We are working with LKSM architects; this decision item would be a ‘green light’ for full design and construction of the improvements.

Costs:

Source: Capital

Costs	2024	2025
Design/Permitting		
Design/construct	100,000	
Construction		310,530
Totals:	100,000	310,530

5. Name of Request: EDWF PLC and Control

Department: **Water**

Problem or Opportunity:

EDWF’s control system runs on a touchy problematic pneumatic system for many of the automated valves, and the PLC/control network is called Data Highway, an antiquated, unsupported technology. This is a high priority identified by OTS and should be considered on the heels of any treatment expansion or improvements at the facility. The exact scope and timing of this work will materialize once we complete the ongoing Water Treatment and Production Master Plan. Significant capital investment in the EDWF is very likely based on new operational philosophies and staffing.

Consequences of Problem:

EDWF is an automated plant, and if the communication and control system fail, the plant could be inoperable. This project is a strategic one to plan for future investment in the facility. Bringing the system up to current standards, similar to ADWF, will increase reliability and make the system more uniform and easier to troubleshoot and improve in the future.

Proposed Solution:

The proposal is for a future control and PLC overhaul of this treatment facility, similar to the ongoing project at ADWF. More details on scope and timing will emerge as the master planning efforts are completed, but it is important to note the needed improvements are coming in the future.

Costs:

Source: Capital

Costs	2029	2030
Design/Permitting	250,000	
Design/construct		
Construction		3,000,000
Totals:	250,000	3,000,000

6. Name of Request: Arrowhead Tank 2 Rehabilitation

Department: **Water**

Problem or Opportunity:

Recent inspection work using underwater UAVs indicated some concerning conditions in the tank interior. Findings include – deteriorated interior concrete, what appear to be plugs from previous crack injection, and a failed interior coating. The interior coating on a concrete tank is troubling as it is not required but would be utilized to protect deteriorating concrete.

Consequences of Problem:

A failure or leak of the tank requiring emergency repair would be costly and disruptive to customers in the Arrowhead 2 zone. As with any project, it is more beneficial to study the defects and provide a detailed, site-specific design that will extend the life of this infrastructure for another 30+ years. There is no way to isolate the tank or to feed the area from other storage locations.

Proposed Solution:

The proposed solution is a complete design and construction of rehabilitation, the exact details of which are undetermined at this time. This project became a high priority due to concerning inspection data received in summer 2023 and as such should be addressed with a specific major rehab project. Along with concrete repairs, a major rehab involves bringing the tank to current design standards, meaning that venting/overflows/access hatches, etc. will all be evaluated and improved if necessary.

Costs:

Source: Capital

Costs	2025	2026
Design/Permitting	75,000	
Design/construct		
Construction		750,000
Totals:	75,000	750,000

7. Name of Request: EDWF Treatment Improvements

Department: **Water**

Problem or Opportunity:

EDWF requires some investment in its facilities to optimize its production. Areas of known needs include the high service pumps, additional membrane rack capacity, and chemical feed areas for disinfection and other needs. This budget item is intended to capture the impending

need to invest capital in the facility that went largely without major investment since its construction in 2001. New leadership at the facility and the Water department has uncovered a multitude of small projects, and as we complete our master planning efforts, we will be able to determine the exact scope and timing of the needed improvements. This proactive approach allows us to better utilize the production facility more frequently and less as a ‘peaking facility,’ taking pressure off of other production facilities and increasing the overall system redundancy and resiliency.

Consequences of Problem:

EDWF is our second largest treatment facility, and according to the risk analysis performed as part of our master planning efforts, the second most critical. Failure to proactively invest in optimizing the facility can result in loss of production and lack of redundancy and resiliency in the entire water system.

Proposed Solution:

The exact scope of work is not known at this time but will be developed as part of the ongoing Water Treatment and Production Master Plan. We are aware of issues with chemical feed, in particular chlorine, the membrane cleans in place citric acid system, pneumatic valves, influent pump station (potential additional pre-treatment) and overall production capacity (additional membrane rack(s)). This project demonstrates the need to invest in EDWF after several years of consistent investment in ADWF.

Costs:

Source: Capital

Costs	2026	2027	2028
Design/Permitting	450,000		
Design/construct		4,000,000	
Construction			2,000,000
Totals:	450,000	4,000,000	2,000,000

RESOLUTION

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER REVENUE BONDS OF THE UPPER EAGLE REGIONAL WATER AUTHORITY; PROVIDING OTHER DETAILS CONCERNING THE BONDS, THE SYSTEM, AND FUNDS APPERTAINING THERETO, INCLUDING BUT NOT LIMITED TO COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UPPER EAGLE REGIONAL WATER AUTHORITY:

ARTICLE I

DEFINITIONS; RECITALS; CONTRACT; RATIFICATION

Section 1.01. Definitions. All terms defined in the Service Contract shall have the same meanings where used herein (except where otherwise specifically defined herein). The terms of this Section, defined for all purposes of this Resolution and of any resolution amendatory hereof or supplemental hereto, or relating hereto, and of any instrument or document appertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

“Act” means Section 29-1-204.2, C.R.S.

“Authority” means the Upper Eagle Regional Water Authority or any entity that assumes the obligations of the Authority pursuant to Section 5.11 hereof.

“Average Annual Principal and Interest Requirements” means the sum of the principal of and interest on a security or securities, excluding any securities the principal of which is payable within less than one year from the date on which such securities are issued, but including any proposed Parity Lien Bonds in the computation of an earnings test pertaining thereto under Section 4.01.B. hereof, to be paid during each year for the period beginning with the year in which such computation is made and ending with the year in which such security last becomes due at maturity or on a Redemption Date on which any security thereafter maturing is called for prior redemption, whichever time is later (but excluding any reserve requirement to secure such payments unless otherwise expressly provided), divided by the number of full years during the period beginning with the year in which such computation is made and ending with the year in which such security last becomes due at maturity or on a Redemption Date on which any security thereafter maturing is called for prior redemption, whichever time is later. The word “principal,” as used in the preceding sentence, means for all purposes of this paragraph, the principal which must be paid to security holders, whether on a stated maturity date, sinking fund redemption date, or otherwise.

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

“Bond Act” means Part 4 of Article 35 of Title 31, C.R.S., relating to the terms, conditions and details of the 2023 Bonds herein authorized, as referred to in and supplemented and qualified by the Act.

“Bond Fund” means the fund so designated and created in Section 3.02 hereof.

“Bondholder” or “owner” or “registered owner” or “holder” means the registered owner of any of the Bonds.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the Authority and the Purchaser concerning the sale of the 2023 Bonds.

“Bond Requirements” means the Principal Installments of, interest on, and any prior redemption premium due in connection with Outstanding Parity Lien Bonds or the 2023 Bonds, as individually or collectively referred to hereinafter.

“Bonds” means the 2013A Bonds, the 2020 Bonds and the 2023 Bonds as so authorized in this Resolution, and any Parity Lien Bonds issued and Outstanding.

“Certified Public Accountant” or “Accountant” means any independent certified public accountant, or firm of such certified public accountants, duly licensed to practice and practicing as such under the laws of the State of Colorado, appointed and paid by the Authority.

“Chairman” means the Chairman of the Board of Directors of the Authority.

“Continuing Disclosure Certificate” means the undertaking executed by officers of the Authority simultaneous with the delivery of the 2023 Bonds which enables the Purchaser to comply with the Rule.

“Costs of the Project” the Authority’s costs properly attributable to the Project or any part thereof, including without limitation:

- (a) the costs of labor and materials, of machinery, furnishings, and equipment, and of the restoration of property damaged or destroyed in connection with construction work;
- (b) the costs of insurance premiums, including the premium due in connection with the Policy, indemnity and fidelity bonds, financing charges, bank fees, taxes, or other municipal or governmental charges lawfully levied or assessed;
- (c) administrative and general overhead costs;
- (d) the costs of reimbursing funds advanced by the Authority in anticipation of reimbursement from Bond proceeds, including any intrafund or interfund loan;
- (e) the costs of surveys, appraisals, plans, designs, specifications, and estimates;

- (f) the costs, fees, and expenses of printers, engineers, architects, financial consultants, legal advisors, or other agents or employees;
- (g) the costs of publishing, reproducing, posting, mailing, or recording documents;
- (h) the costs of contingencies or reserves;
- (i) the costs of issuing the 2023 Bonds;
- (j) the costs of amending any resolution or other instrument relating to the 2023 Bonds or the Project;
- (k) the costs of repaying any short-term financing, construction loans, and other temporary loans, and of the incidental expenses incurred in connection with such loans;
- (l) the costs of acquiring any property, rights, easements, licenses, privileges, agreements, and franchises;
- (m) the costs of demolition, removal, and relocation; and
- (n) all other lawful costs as determined by the Board.

“C.R.S.” means the Colorado Revised Statutes, as amended and supplemented from time to time.

“Depository” means any state or national bank, or state chartered or federally chartered savings and loan association which has its principal office in the State of Colorado, is insured by the Federal Deposit Insurance Corporation, and has been designated as an eligible public depository under the Public Deposit Protection Acts.

“District” means any of the Arrowhead Metropolitan District, the Town of Avon, as the successor in interest to the Avon Metropolitan District, Beaver Creek Metropolitan District, Berry Creek Metropolitan District, Eagle-Vail Metropolitan District, or Edwards Metropolitan District, and each of their successors, and any entity which may hereafter become a Contracting Party pursuant to the Establishing Contract. All of the foregoing shall be referred to herein collectively as the “Districts.”

“Engineer” means any registered or licensed professional engineer, or any firm of such engineers, having a favorable reputation for skill and experience in the field of water projects and facilities, and feasibility and rate-making in connection therewith.

“Establishing Contract” means the Authority Agreement Amending and Restating the Agreement Establishing the Upper Eagle Regional Water Authority and the Master Service Contract dated as of May 27, 2015, among the Districts, which amended and restated the original Establishing Contract dated as of September 18, 1984, as amended by the First Amendment to Establishing Contract of Upper Eagle Regional Water Authority, among the Districts, dated as of April 1, 1985, which established the Authority, and any amendments or supplements thereto.

“Event of Default” means any of the events stated in Section 7.01 hereof.

“Existing Parity Bonds” means the 2013A Bonds and the 2020 Bonds, which have been issued and remain Outstanding as of the date of issuance of the 2023 Bonds.

“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 (or any interest in any of the foregoing).

“Finance Manager” means the Finance Manager of the Authority or such other officer or employee of the Authority who performs the duties of the chief financial officer.

“Fiscal Year” for the purposes of this Resolution means the 12 months commencing on the first day of January of any calendar year and ending on the last day of December of said year, or such other fiscal year for Authority purposes as may hereafter be provided pursuant to law.

“Future Reserve Fund Bonds” means Parity Lien Bonds which are secured by the Reserve Fund as provided in the resolution authorizing such Parity Lien Bonds.

“General Manager” means the General Manager of the Authority.

“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 2023 Bonds when due.

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

“Insurance Agreement” means an agreement, if any, entered into between the Authority and any Insurer pursuant to Section 2.04 of this Resolution.

“Investment Securities” means any of the following securities, whether acquired by the Authority individually or pursuant to a pool established pursuant to Title 24, Article 75, Part 7, C.R.S., if and to the extent that the same are at the time legal for investment of Authority funds:

(i) Federal Securities;

(ii) Deposits pursuant to the Public Deposit Protection Acts;

(iii) Written agreements under which a bank or trust company which is a member of the Federal Deposit Insurance Corporation, a savings and loan association which is a member of the Federal Deposit Insurance Corporation, or an investment dealer or dealer bank which is recognized as a primary dealer in United States government securities sells to, and agrees to repurchase from the Authority, Federal Securities provided (i) that the market value of such Federal Securities is, at all times, at least equal to the repurchase price specified in the agreement and (ii) that such obligations are held by the Authority or by an agent satisfactory to the Authority

in such manner as may be required to provide a perfected security interest in such Federal Securities.

“Net Revenues” means the Revenues after deducting Operation and Maintenance Expenses.

“Official Statement” means the final Official Statement with respect to the 2023 Bonds in substantially the form of the Preliminary Official Statement.

“Operation and Maintenance Expenses” means all expenses incurred in the operation and maintenance of the Authority’s Water System, including the Participating Members’ formerly individually owned Water Systems and normally recurring expenses incurred by the Authority in the conduct of its activities which are properly Authority costs under generally accepted accounting principles as applied to governmental units. Such term does not include depreciation or replacement expenses or reserves therefore, debt service, or principal of or interest on any other borrowing of the Authority.

“Operations Reserve Fund” means the fund so designated in Section 3.02 hereof.

“Operations Minimum Reserve” means an amount equal to three months of Operation and Maintenance Expenses as set forth in the Authority’s Annual Budget.

“Outstanding” means, as of any date of calculation, all Bonds theretofore executed, issued and delivered by the Authority except:

(i) Bonds theretofore cancelled by the Registrar or surrendered to the Registrar for cancellation;

(ii) Bonds in lieu of, or in substitution for, which other Bonds shall have been executed, issued and delivered by the Authority and authenticated by the Registrar unless proof satisfactory to the Registrar is presented that any such Bonds are duly held by the lawful registered owners thereof;

(iii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or Redemption Date, shall be held in trust and set aside for such payment or redemption (whether at or prior to the maturity or Redemption Date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as provided in Section 2.06 hereof or provision satisfactory to the Registrar shall have been made for the giving of such notice; and

(iv) Bonds deemed to have been paid as provided in Section 6.01 hereof.

“Parity Lien Bonds” means any additional series of bonds or other securities or obligations payable from the Revenues issued pursuant to Section 4.01 hereof and having a lien upon the Net Revenues on a parity with the lien of the Existing Parity Bonds, and the 2023 Bonds.

“Participating Members” means the Authority, Arrowhead Metropolitan District, the Town of Avon, Beaver Creek Metropolitan District, Berry Creek Metropolitan District, Eagle-Vail Metropolitan District and Edwards Metropolitan District, each being parties to the Service Contract.

“Paying Agent” means U.S. Bank Trust Company, National Association, Denver, Colorado, as agent for the Authority for the payment of the 2023 Bonds, or its successors.

“Paying Agent Agreement” means the Paying Agent and Registrar Agreement dated as of the date of delivery of the 2023 Bonds between the Authority and the Paying Agent/Registrar.

“Payment Date” means any scheduled interest or principal payment date for the 2023 Bonds.

“person” means not only a natural person, corporation, or other legal entity, but also two or more natural persons, corporations, or other legal entities acting jointly as a firm, partnership, unincorporated association, joint venture, or otherwise.

“Policy Costs” means repayment of draws under the Qualified Surety Bond, if any, plus all related reasonable expenses incurred by the Insurer, plus accrued interest thereon.

“Preliminary Official Statement” means the Preliminary Official Statement with respect to the 2023 Bonds.

“Principal Installment” means as of any date of calculation, the sum of the principal amount of Bonds maturing on such date; provided that for purposes of this computation, Bonds subject to mandatory sinking fund redemption shall be deemed to mature in principal installments equal to, and on the dates of, the annual mandatory sinking fund redemptions.

“Project” means the acquisition, construction, and installation of water improvements, facilities, and properties, including without limitation water rights and rights to water and all necessary or appropriate equipment, which are financed with a portion of the proceeds of the 2023 Bonds.

“Public Deposit Protection Acts” means the Public Deposit Protection Act, Section 11-10.5-101, et seq., C.R.S., or the Savings and Loan Association Public Deposit Protection Act, Section 11-47-101 et seq., C.R.S.

“Purchaser” means Piper Sandler & Co. of Denver, Colorado, the initial purchaser of the 2023 Bonds.

“Qualified Surety Bond” means a surety bond, insurance policy, letter or line of credit, or similar instrument which may be utilized in the Reserve Fund in lieu of or in partial substitution for moneys on deposit therein to provide security therefor, the issuer or provider of which is the 2013A Insurer, the 2020 Insurer, and the Insurer of the 2023 Bonds, if any, or is acceptable to the 2013A Insurer and the 2020 Insurer.

“Rate Stabilization Fund” means the special fund designated as the “Upper Eagle Regional Water Authority Rate Stabilization Fund” previously created by the Authority and continued herein.

“Rebate Fund” means the Rebate Fund so designated in Section 3.02 hereof.

“Record Date” means the 15th day of the month preceding each Payment Date.

“Redemption Date” means the date fixed in any notice of redemption for the redemption of Bonds prior to their respective maturities.

“Registrar” means U.S. Bank Trust Company, National Association, Denver, Colorado, as agent of the Authority for the registration and transfer of the 2023 Bonds, or its successors.

“Reserve Fund” means the debt service reserve fund so designated in Section 3.02 hereof.

“Reserve Fund Bonds” means the Outstanding 2013A Bonds, 2020 Bonds and the 2023 Bonds if so designated in the Sale Certificate relating to such 2023 Bonds, and Future Reserve Fund Bonds.

“Reserve Fund Requirement” has the meaning ascribed to such term in the Sale Certificate.

“Revenue Fund” means the fund so designated in Section 3.02 hereof.

“Revenues” means the gross revenues derived by the Authority from the operation of, or attributable to the ownership of, the System, or any part thereof, including all revenue attributable to the System received by the Authority pursuant to the Service Contract or any lease or other contractual arrangement with respect to the use of the System or the service thereof, or from the proceeds of any business interruption insurance relating to the System or from the sale of the System or any portion thereof as permitted herein. “Revenues” also includes all interest, profits, or other income derived from investment of funds or moneys held pursuant to this Resolution. “Revenues” does not include any moneys collected by the Authority acting as agent for the Districts pursuant to the Service Contract, including but not limited to, tap fees and water surcharges imposed by the individual Districts.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Sale Certificate” means the certificate executed by either the General Manager or Finance Manager of the Authority dated on or before the date of delivery of the 2023 Bonds, setting forth: (i) the rates of interest on the 2023 Bonds; (ii) the conditions on which the 2023 Bonds may be redeemed prior to maturity and the redemption prices therefor; (iii) the existence and amount of any reserve fund; (iv) the price at which the 2023 Bonds will be sold; (v) the principal amount and denominations of the 2023 Bonds; (vi) the amount or amounts of principal maturing in any

particular year; (vii) the dates on which principal and interest shall be paid, including, the first interest payment date for the 2023 Bonds; and (viii) whether the Authority shall obtain an Insurance Policy or a Qualified Surety Bond, subject to the parameters and restrictions contained in Section 2.04 of this Resolution.

“Service Charges” means the charges to customers for Water Service by the Authority pursuant to the Service Contract.

“Service Contract” means the Authority Agreement Amending and Restating the Upper Eagle Regional Water Authority and the Master Service Contract, by and among the Districts, dated as of May 27, 2015, as the same may be amended or extended.

“Special Record Date” means a date fixed by the Paying Agent to determine the names and addresses of the Bondholders for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 2.04 hereof.

“Subordinate Bonds” means bonds or securities payable from Revenues with a lien on Net Revenues subordinate and junior to the lien thereon of the Bonds.

“Supplemental Act” means the Supplemental Public Securities Act, constituting Title 11, Article 57, Part 2, C.R.S.

“System” means the Authority’s system for the collection, treatment and distribution of water and consisting of all properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the Authority, through the Service Contract, and through purchase, construction or otherwise, and used in connection with such system of the Authority, and in any way appertaining thereto.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the 2023 Bonds.

“Term Bonds” means 2023 Bonds that are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such 2023 Bonds on or before their specified maturity dates.

“2013A Bonds” means the Upper Eagle Regional Water Authority, Eagle County, Colorado, Water Revenue Bonds, Series 2013A, originally issued and currently outstanding in the aggregate principal amount of \$11,905,000.

“2013A Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“2020 Bonds” means the Upper Eagle Regional Water Authority, Eagle County, Colorado, Water Revenue Refunding and Improvement Bonds, Series 2020, originally issued and currently outstanding in the aggregate principal amount of \$39,915,000.

“2020 Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

“2023 Bonds” means the Upper Eagle Regional Water Authority, Eagle County, Colorado, Water Revenue Bonds, Series 2023 or Series 2024, as authorized by this Resolution and as designated in the Sale Certificate.

“2023 Construction Fund” means the special subaccount of the Authority’s General Fund designated as the “Upper Eagle Regional Water Authority, Water Revenue Bonds, Series 2023, Construction Fund” created pursuant to Section 3.03 hereof, to be utilized for purposes of the Project.

Section 1.02. Recitals.

A. The Authority is a political subdivision and a public corporation duly organized and existing under the laws of the State of Colorado.

B. The Authority was established by the Districts pursuant to Section 29-1-204.2, C.R.S., by the Establishing Contract.

C. Pursuant to the Service Contract, the Districts have conveyed to the Authority their individual water systems (which now form a part of the System), and the Authority collects directly from its customers various fees and charges, including the Service Charges.

D. The Board hereby determines that the Project serves a valid governmental purpose and is necessary, expedient and in the best interest of the Authority and its customers and constituents of the Districts.

E. The Board hereby determines to use a portion of the proceeds of the 2023 Bonds authorized by this Resolution and other legally available moneys to effect the Project.

F. The Existing Parity Bonds have liens on the Net Revenues which constitute irrevocable (but not necessarily exclusive) liens upon the Net Revenues.

G. Except for the Existing Parity Bonds, there are no bonds, notes or evidences of indebtedness or contractual obligations payable from the Net Revenues with a lien on such Net Revenues which is on a parity with the lien thereon of the Existing Parity Bonds.

H. The Authority will meet the requirements of the resolutions authorizing the Existing Parity Bonds, so that the 2023 Bonds may be issued with a lien on the Net Revenues which is on a parity with the lien thereon of the Existing Parity Bonds.

I. Net Revenues shall be pledged to the payment of the 2023 Bonds on a parity with the lien on the Net Revenues of the Existing Parity Bonds.

J. There are on file at the Authority offices the forms of the following: (i) this Resolution; (ii) the Preliminary Official Statement; (iii) the Continuing Disclosure Certificate; (iv) the Paying Agent Agreement; and (v) the Bond Purchase Agreement.

Section 1.03. Resolution to Constitute a Contract; Equal Security. In consideration of the acceptance of the 2023 Bonds, the issuance of which is authorized hereunder,

by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Authority and the holders from time to time of the 2023 Bonds, and the pledge made in this Resolution by the Authority and the covenants and agreements set forth in this Resolution to be performed by the Authority shall be for the equal and proportionate benefit, security and protection of all holders of the 2023 Bonds, without preference, priority or distinction as to security or otherwise of any of the 2023 Bonds authorized hereunder over any of the others by reason of time of issuance, sale or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Resolution.

Section 1.04. Ratification. The making of the Service Contract and all action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the Authority and of the Districts, or any of them, directed toward the Project and the sale and issuance of the Authority's 2023 Bonds to defray in part the Costs of the Project be, and the same hereby are, ratified, approved, and confirmed.

Section 1.05. Approval of Agreements. The forms, terms and provisions of (i) the Paying Agent Agreement, (ii) the Bond Purchase Agreement, and (iii) the Continuing Disclosure Certificate are hereby approved, and the Authority shall enter into and perform its obligations under such documents, in substantially the form thereof presented to the Board at this meeting, with only such changes therein as are not inconsistent herewith; and the officers are hereby authorized and directed to execute and deliver such documents. The execution of such documents by the appropriate officers of the Authority shall be conclusively deemed to evidence the approval of the form and contents thereof by the Authority.

Section 1.06. Approval of Official Statement. The preparation, distribution and use of the Preliminary Official Statement in connection with the offering and sale of the 2023 Bonds is hereby authorized, ratified, approved and confirmed. The Preliminary Official Statement is hereby deemed by the Board to be final as of its date within the meaning of Rule 15c2-12(b)(1) of the U.S. Securities and Exchange Commission. The Chairman, the General Manager and the Finance Manager are each independently authorized to prepare or cause to be prepared, and the Chairman, the General Manager and the Finance Manager are independently authorized and directed to approve, on behalf of the Authority, and execute a final Official Statement for use in connection with the offering and sale of the 2023 Bonds in substantially the form of the Preliminary Official Statement, but with such amendments, additions and deletions as are in accordance with the facts and not inconsistent herewith and approved by either the General Manager or the Finance Manager. The execution of a final Official Statement by the Chairman or the Finance Manager shall be conclusively deemed to evidence the approval of the form and contents thereof by the Authority.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF 2023 BONDS

Section 2.01. Bond Sale. Pursuant to Section 11-57-205 of the Supplemental Act, the Board hereby delegates to the General Manager and the Finance Manager the independent authority to accept the proposal of the Purchaser to purchase the 2023 Bonds and to execute a contract for the purchase of the 2023 Bonds, including the Bond Purchase Agreement, as well as

the authority to make determinations in relation to the 2023 Bonds contained in the Sale Certificate subject to the parameters and restrictions contained in Section 2.04 of this Resolution.

Section 2.02. Authorization of the Project. The Project is hereby authorized.

Section 2.03. Authorization of 2023 Bonds. For the purpose of defraying in part the Costs of the Project, it is hereby declared necessary that the Authority make and issue, and there are hereby authorized to be issued, pursuant to the provisions of the Act, the Bond Act and the Supplemental Act, the “Upper Eagle Regional Water Authority, Water Revenue Bonds, Series 2023,” as more particularly described in the Sale Certificate. Such 2023 Bonds shall be payable both as to Principal Installments and interest solely out of the Net Revenues; and the Authority pledges irrevocably, but not necessarily exclusively, such Net Revenues to the payment of the Principal Installments of the 2023 Bonds and the interest thereon, as herein provided.

Section 11-57-204 of the Supplemental Act provides that a public entity, including the Authority, may elect in an act of issuance to apply all or any of the provisions of the Supplemental Act. The Board hereby elects to apply all of the provisions of the Supplemental Act to the 2023 Bonds. The General Manager and the Finance Manager are hereby independently authorized and directed to execute and deliver the Bond Purchase Agreement and the Sale Certificate and to make and approve the final determinations contained therein, subject to the parameters and restrictions of this Resolution.

The 2023 Bonds are issued under the authority of the Act, the Bond Act and the Supplemental Act and shall so recite as provided in Section 2.16 and Section 9.06 hereof. Pursuant to Section 31-35-413, C.R.S., such recital conclusively imparts full compliance with all the provisions of such statutory authority and that 2023 Bonds issued containing such recital are incontestable for any cause whatsoever after their delivery for value. Pursuant to Section 11-57-210 of the Supplemental Act, such recital shall be conclusive evidence of the validity and the regularity of the issuance of the 2023 Bonds after their delivery for value.

Section 2.04. 2023 Bond Details. The 2023 Bonds shall be issued in fully registered form (*i.e.*, registered as to payment of both Principal Installments and interest) initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, and shall be dated as of their date of delivery. The 2023 Bonds shall be numbered in such manner as the Registrar determines. The 2023 Bonds shall mature, bear interest from their dated date to maturity or prior redemption, and shall be sold, all as provided in the Sale Certificate; provided that:

(i) **Interest Rate.** The net effective interest rate on the 2023 Bonds shall not exceed 5.75%.

(ii) **Redemption Provisions.** The 2023 Bonds shall be subject to redemption prior to maturity at the option of the Authority not later than December 1, 2033, at a redemption price not to exceed 100%, as further described herein and in the Sale Certificate.

(iii) **Purchase Price.** The price at which the 2023 Bonds will be sold shall not be less than 100% of the aggregate principal amount of the 2023 Bonds.

(iv) Principal Amount. The aggregate principal amount of the 2023 Bonds shall not exceed \$24,000,000.

(v) Maturity Schedule. The maximum annual repayment cost of the 2023 Bonds shall not exceed \$1,800,000 and the total repayment cost shall not exceed \$52,000,000.

(vi) Term of the 2023 Bonds. The 2023 Bonds shall mature no later than December 1, 2053.

(vii) Bond Insurance. Whether the 2023 Bonds will be secured by an Insurance Policy or a Qualified Surety Bond and the terms of any Insurance Agreement with the provider of such Insurance Policy or Qualified Surety Bond.

Such determinations shall be evidenced by the Sale Certificate signed by the General Manager or the Finance Manager dated as of or before the Closing Date 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 Authority shall determine not to obtain an Insurance Policy to secure the payment of principal of and interest on the 2023 Bonds, or not to obtain a Qualified Surety Bond, any references to the Insurer, the Insurance Policy, Policy Costs, the Insurance Agreement, or other provisions relating to bond insurance shall be of no force or effect.

In the event that all or a portion of the 2023 Bonds are issued in calendar year 2024, the General Manager or the Finance Manager shall have the authority to change the name of such series and the series designation without further action by the Board, such determination to be set forth in the Sale Certificate. The definition of “2023 Bonds” shall include all bonds issued pursuant to this resolution, regardless of the name of such series or the series designation.

Interest on the 2023 Bonds shall be payable semi-annually on June 1 and December 1 commencing on the date described in the Sale Certificate. Interest on the 2023 Bonds is calculated on the basis of a 360-day year of twelve 30-day months, first payable on the date provided in the Sale Certificate, from the dated date thereof, except that 2023 Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the 2023 Bonds.

The Principal Installments of and interest on the 2023 Bonds are payable in lawful money of the United States of America. The Principal Installment of each 2023 Bond shall be payable to the registered owner thereof, as shown on the registration books kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender of the 2023 Bond, at the principal corporate trust office of the Paying Agent, as designated by the Paying Agent. If any 2023 Bond shall not be paid upon presentation at its maturity or prior redemption, it shall continue to draw interest at the rate borne prior to maturity or prior redemption until the principal thereof is paid in full.

Payment of interest on any 2023 Bond shall be made by the Paying Agent by check or draft mailed 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 the persons in whose names the

2023 Bonds are registered on the Record Date (or by such other arrangement as may be mutually agreed to by the Paying Agent and such a person); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date 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 registered owners of the 2023 Bonds not less than ten days prior thereto by first-class, postage prepaid mail to each such registered owner as shown on the Registrar's registration books or by electronic means on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

Section 2.05. Optional Redemption of 2023 Bonds. The 2023 Bonds are subject to redemption prior to maturity at the option of the Authority as provided in the Sale Certificate. In the event that less than all of the Outstanding 2023 Bonds shall be redeemed as provided in this Section, the 2023 Bonds to be redeemed shall be redeemed in any order of maturity and interest rate as determined by the Authority. If less than all of the 2023 Bonds of a single maturity and interest rate are to be redeemed, they shall be selected in such manner as provided in the Sale Certificate.

Section 2.06. Notice of Prior Redemption. Notice of any prior redemption shall be given by the Paying Agent in the name of the Authority by sending a copy of such notice by first-class, postage prepaid mail or by electronic means to The Depository Trust Company or its successors, not less than 30 nor more than 60 days prior to the Redemption Date to each owner of any 2023 Bond, all or a portion of which is called for prior redemption at such person's address as it last appears on the registration books kept by the Registrar; but neither failure to give such notice to the owner of any 2023 Bond nor any defect therein shall affect the redemption of any other 2023 Bonds.

Such notice shall specify the numbers and maturities of the 2023 Bonds, or portions thereof, to be so redeemed (if less than all are to be redeemed) and the date fixed for redemption, and shall further state that on such Redemption Date there will become due and payable upon each \$5,000 unit of principal so to be redeemed, at the principal corporate trust office of the Paying Agent, the principal amount thereof, the designated premium thereon, if any, and accrued interest to the Redemption Date, and that from and after such date interest will cease to accrue. Notice having been given in the manner hereinabove provided, the 2023 Bonds so called for redemption shall become due and payable on the Redemption Date so designated; and upon presentation and surrender thereof to the Paying Agent, the Authority, acting by and through the Paying Agent, shall pay the 2023 Bonds, or portions thereof, so called for redemption. No further interest shall accrue on the principal of any such \$5,000 unit called for redemption from and after the Redemption Date, provided sufficient funds are deposited with the Paying Agent and available on the date of redemption to redeem such units. Upon surrender of any 2023 Bond redeemed in part only, the Paying Agent shall execute and deliver to the owner thereof, at no expense to any owner, a new 2023 Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2023 Bond surrendered.

Notwithstanding the provisions of this section, any notice of redemption shall either (i) 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 2023 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 2023 Bonds called for redemption in the same manner as the original redemption notice was mailed, or (ii) be given only if funds sufficient to pay the redemption price of the 2023 Bonds so called for redemption are on deposit with the Paying Agent in the applicable fund or account.

Section 2.07. 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 redemption prices provided in the Sale Certificate.

On or before the fortieth day prior to each sinking fund redemption date, the Paying Agent shall proceed to select for redemption from all Term Bonds Outstanding then subject to sinking fund redemption, \$5,000 units of the Term Bonds equal in the aggregate to the total principal amount of such Term Bonds redeemable with the required sinking fund payment, and shall call such Term Bonds, or portions thereof, for redemption from the sinking fund on the next December 1, and give notice of such call, as provided in Section 2.06 hereof, without further instruction from the Authority.

At the option of the Authority to be exercised by delivery of a written certificate to the Paying Agent on or before the forty-fifth day prior to any sinking fund redemption date, the Authority may (i) deliver to the Registrar for cancellation Term Bonds then subject to sinking fund redemption or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Authority or (ii) specify a principal amount of Term Bonds then subject to redemption or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed shall be credited by the Paying Agent at 100 percent of the principal amount thereof against the obligation of the Authority on such sinking fund redemption date and any excess over such amount shall be credited against future sinking fund redemption obligations in chronological order. In the event the Authority shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Term Bonds or portions thereof to be cancelled.

Section 2.08. Negotiability. Subject to the provisions expressly stated or necessarily implied herein, the 2023 Bonds shall be fully negotiable and shall have all the qualities of negotiable paper, and the holder or holders thereof shall possess all rights enjoyed by the holders of negotiable instruments under the provisions of the Colorado Uniform Commercial Code.

Section 2.09. Execution of 2023 Bonds. Each 2023 Bond (subject to the Authority's compliance with the provisions of Colorado's Uniform Facsimile Signature of Public Officials Act, as amended or supplemented) shall be signed in the name of the Authority with the manual or facsimile signature of the Chairman thereof, attested and executed by the manual or facsimile signature of its Secretary or Assistant Secretary, with its seal, or the facsimile thereof,

affixed thereto. The validity of such 2023 Bonds bearing the facsimile signatures of the officers in office at the time of the authorization of such facsimiles by such officers prior to the delivery of any 2023 Bonds shall not be affected by the fact, if such be the case, that before the delivery, transfer or exchange of any 2023 Bonds bearing such signatures, any or all of the persons whose facsimile signatures appear thereon shall have ceased to fill their respective offices. Each officer, at the time of the execution of the 2023 Bonds and of a signature certificate appertaining thereto, may adopt as and for such person's own facsimile signature the facsimile signature of such person's predecessor in office in the event that such facsimile signature appears upon any of the 2023 Bonds. No 2023 Bond shall be valid or obligatory for any purpose unless it shall have been manually executed by and bear the signature of a duly authorized representative of the Registrar on its certificate of authentication, substantially in the form hereinafter provided, and such execution shall be conclusive evidence that such 2023 Bond has been duly issued and delivered.

Section 2.10. Registration and Payment. The Registrar shall keep or cause to be kept sufficient books for the registration and transfer of the 2023 Bonds, which shall at all times be open to inspection by the Authority; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, 2023 Bonds as herein provided. Except as otherwise provided in this Resolution, the person in whose name any 2023 Bond shall be registered, on the registration books kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of making payment thereof and for all other purposes; and payment of or on account of either Principal Installments or interest on any 2023 Bond (except as otherwise provided in this Resolution) shall be made only to the registered owner thereof or such person's legal representative, but such registration may be changed upon transfer of such 2023 Bonds 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 2023 Bond to the extent of the sum or sums so paid.

Section 2.11. Transfer and Exchange. The 2023 Bonds shall be transferred and exchanged as follows:

A. Any 2023 Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.10 hereof, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2023 Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed.

B. Whenever any 2023 Bond or Bonds shall be surrendered for transfer, the Registrar shall authenticate and deliver a new 2023 Bond or Bonds, for a like aggregate principal amount, maturity and interest rate of 2023 Bonds of any authorized denominations.

C. The 2023 Bonds may be exchanged at the Registrar for a like aggregate principal amount of 2023 Bonds of other authorized denominations of the same maturity and interest rate.

D. The Registrar shall not be required (i) to transfer or exchange any 2023 Bond during a period beginning at the opening of business 15 days before the day of the

distribution of a notice of redemption of 2023 Bonds and ending at the close of business on the day of such distribution, or (ii) to transfer or exchange any 2023 Bond so selected for redemption in whole or in part, except the unredeemed portion of 2023 Bonds being redeemed in part.

E. The Registrar may require the payment, by the owner of any 2023 Bond requesting transfer or exchange, of any reasonable charges therefor as well as any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Section 2.12. Bond Replacement. If any 2023 Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such request, evidence or information relating thereto as it may reasonably require, and upon receipt of such compensation for its expense and indemnity, if any, as it may reasonably require from the requesting person, authenticate and deliver a replacement 2023 Bond or Bonds of a like aggregate principal amount and of the same maturity, interest rate and series. If such lost, stolen, destroyed or mutilated Bond shall have matured or be about to mature or shall have been called for redemption, the Registrar may pay such 2023 Bond in lieu of replacement.

Section 2.13. Bond Cancellation. Whenever any 2023 Bond shall be surrendered to the Registrar upon payment thereof, or to the Registrar for transfer, exchange or replacement as provided herein, such 2023 Bond shall be promptly cancelled by the Registrar, and a certificate of such cancellation shall be furnished by the Registrar to the Authority.

Section 2.14. Successor Registrar or Paying Agent. If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Authority shall determine that said Registrar or Paying Agent has become incapable of reasonably fulfilling its duties hereunder, the Authority may, upon notice sent by electronic means or mailed to each registered owner of 2023 Bonds at the address last shown on the registration books, appoint either the Authority's Treasurer, another Authority officer, or an institution as successor Registrar or Paying Agent, or both. Except for the Treasurer or other officer of the Authority, every such successor Registrar or Paying Agent shall be a commercial bank. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the Authority shall have the right to have the Treasurer, other Authority officer, or same institution serve as both Registrar and Paying Agent hereunder.

Section 2.15. Special Obligations. All of the 2023 Bonds, together with the interest accruing thereon, and the Policy Costs shall be payable and collectible solely out of the Net Revenues, which are so pledged; the holder or holders thereof may not look to any general or other fund for the payment of principal of and interest on such obligations, except the designated special funds pledged therefor; and the 2023 Bonds and the Policy Costs shall not constitute an indebtedness nor a debt of the Authority or of the Districts within the meaning of any constitutional, charter, or statutory provision or limitation.

Section 2.16. Form of 2023 Bonds. Subject to the provisions of this Resolution, the 2023 Bonds shall be in substantially the following form, 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, or be consistent with this Resolution and necessary or appropriate to conform to the rules and requirements of any

governmental authority or The Depository Trust Company, as securities depository for the 2023 Bonds, or any usage or requirement of law with respect:

(Form of Bond)

Unless this bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Registrar (defined below) 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**

**UPPER EAGLE REGIONAL WATER AUTHORITY
WATER REVENUE BOND
SERIES 2023**

No. _____ \$ _____

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP</u>
_____ %	December 1, 20____	Date of delivery	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Upper Eagle Regional Water Authority (“Authority”), in the State of Colorado, for value received hereby promises to pay to the registered owner named above or registered assigns, solely from the special funds provided therefor, as hereinafter set forth, the principal sum specified above on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) and to pay solely from such special funds interest thereon from the date of delivery or the most recent interest payment date to which interest has been fully paid or provided for until payment of such principal sum in full, at the rate per annum specified above, semiannually on June 1 and December 1 in each year, commencing _____ 1, 20__ . The principal hereof is payable, upon presentation and surrender hereof, to U.S. Bank Trust Company, National Association, Denver, Colorado, or its duly appointed successor, as paying agent (the “Paying Agent”), at its principal corporate trust office, as designed by the Paying Agent, under the resolution of the Authority (the “Resolution”) authorizing this bond and the series of which it is one (the “2023 Bonds”). Interest on this bond will be paid by check or draft mailed 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 (or by other means of payment agreed upon between the registered owner hereof and the Paying Agent), to the person in whose name this bond (or the immediate predecessor bond or bonds) is registered, at such person’s address as it last appears on the

registration books kept for that purpose by U.S. Bank Trust Company, National Association, in Denver, Colorado, or its duly appointed successors, as registrar (the “Registrar”), under the Resolution at the close of business on the fifteenth day of the calendar month next preceding such interest payment date, but any interest payments in default shall be payable as provided in the Resolution. If upon presentation at maturity or prior redemption, payment of this bond is not made as herein provided, interest shall continue to accrue at the same rate per annum until the principal hereof is paid in full. All such payments shall be in lawful money of the United States of America.

The 2023 Bonds are fully registered (*i.e.*, registered as to payment of both principal and interest) and are issuable in denominations of \$5,000 and any integral multiple thereof. This bond bears interest, matures, is payable, is subject to redemption, and is transferable and exchangeable as provided in the Resolution. The Authority and the Registrar may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of making payment and for all other purposes.

This bond, including the interest hereon, does not constitute a debt or an indebtedness of the Authority, nor of Arrowhead Metropolitan District, the Town of Avon, Beaver Creek Metropolitan District, Berry Creek Metropolitan District, Eagle-Vail Metropolitan District, or Edwards Metropolitan District (each individually the “District” and collectively the “Districts”) nor of any other political subdivision of the State of Colorado, within the meaning of any constitutional, charter, or statutory limitation or other provision, shall not be considered or held to be a general obligation of the Authority or any such subdivision, and is payable and collectible solely out of the special funds provided in the Resolution, and out of the revenues (“Revenues”) derived from the operation of or attributable to the ownership of the Authority’s water collection, treatment and distribution system, as described in the Resolution (“System”), after provision only for all necessary and reasonable expenses of the operation and maintenance of the System (the remaining revenues being the “Net Revenues”), which Net Revenues and special funds are so pledged; and the registered owner hereof may not look to any general or other fund for the payment of the principal of and interest on this bond, except the special funds pledged therefor.

Payment of the 2023 Bonds and of any additional bonds or other securities or obligations heretofore or hereafter issued and payable from the Revenues and having a lien on the Net Revenues on a parity with the lien of the 2023 Bonds (“Parity Lien Bonds”) and the interest thereon, shall be made solely from, and as security for such payment there are pledged, pursuant to the Resolution, special funds into which the Authority covenants to pay from the Net Revenues sums sufficient to pay when due the principal of and the interest on the 2023 Bonds and the Parity Lien Bonds (collectively the “Bonds”). The 2023 Bonds are equally and ratably secured by a lien on the Net Revenues of the System, and the 2023 Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Net Revenues. Other securities, subject to expressed conditions, may be issued and made payable from the Net Revenues and having a lien thereon subordinate and junior to the lien, or, subject to additional expressed conditions, having a lien thereon on a parity with the lien, of the 2023 Bonds in accordance with the provisions of the Resolution.

Reference is hereby made to the Resolution for a description of: the pledge and covenants securing the payment of the 2023 Bonds; the nature, extent and manner of enforcement of such pledge and covenants; the funds and accounts pledged to the payment of the 2023 Bonds;

the rights and remedies of the owners of the 2023 Bonds with respect thereto and the limitations thereon; the terms and conditions upon which the 2023 Bonds are issued; the rights, duties and obligations of the Authority, Paying Agent, Registrar, and owners; the terms upon which additional bonds may be issued; the terms and conditions upon which the 2023 Bonds will be deemed to be paid at or prior to the maturity thereof; the ability to amend the Resolution; and all other provisions applicable to this bond to which the owner hereof, by the acceptance of this bond, assents.

This bond is issued under the authority of Section 29-1-204.2, Colorado Revised Statutes (“C.R.S.”), Part 4 of Article 35, Title 31, C.R.S., and Part 2 of Article 57, Title 11, C.R.S. Pursuant to Section 31-35-413, C.R.S., such recital conclusively imparts full compliance with all the provisions of such statutory authority and any bond issued containing this recital is incontestable for any cause whatsoever after its delivery for value. 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 this bond after its delivery for value.

The 2023 Bonds are authorized for the purpose of defraying a portion of the cost of acquiring, constructing, and installing certain water improvements, facilities, and properties, all in conformity with the Constitution and laws of the State of Colorado and the Resolution.

It is further certified, recited, and warranted that all the requirements of law have been fully complied with by the proper officers of the Authority in the issuance of the 2023 Bonds; that the 2023 Bonds are issued pursuant to and in conformity with the Constitution and laws of the State of Colorado and the Resolution and any instruments supplemental thereto; and that the 2023 Bonds do not contravene any constitutional or statutory limitation.

This bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Resolution until an authorized representative of the Registrar shall have manually signed the certificate of authentication herein.

IN WITNESS WHEREOF, the Upper Eagle Regional Water Authority has caused this Bond to be signed in its name with the manual or facsimile signature of its Chairman, attested by the manual or facsimile signature of its Secretary or Assistant Secretary, and has caused the manual or facsimile impression of the seal of the Authority to be affixed hereon, all as of _____, 2023.

UPPER EAGLE REGIONAL WATER
AUTHORITY

(Manual or Facsimile Signature) _____
Chairman

(Manual or Facsimile Seal)

Attest:

(Manual or Facsimile Signature) _____
Secretary

(Form of Registrar's Certificate of Authentication)

This is one of the Bonds described in the within-mentioned Resolution, and this Bond has been duly registered on the registration books kept by the undersigned as Registrar for such Bonds.

Date of Authentication and Registration: _____.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Registrar

By _____
Vice President

(End of Form of Registrar's Certificate of Authentication)

(Form of Assignment)

For value received, _____ hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney, to transfer the same on the books of the Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(Signature must be guaranteed by
a member of the Medallion Signature Program)

Address of transferee:

Social Security Number or other Tax
Identification Number of Transferee:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXCHANGE OR TRANSFER FEES MAY BE CHARGED

(End of Form of Assignment)

(Form of Prepayment Panel)

The following installments of principal (or portion thereof) of this bond have been prepaid in accordance with the terms of the resolution authorizing the issuance of this bond.

<u>Date of Prepayment</u>	<u>Principal Prepaid</u>	<u>Signature of Authorized Representative of DTC</u>

(End of Form of Prepayment Panel)

(End of Form of Bond)

Section 2.17. Book Entry.

A. Notwithstanding any contrary provision of this Resolution, the 2023 Bonds shall initially be evidenced by one 2023 Bond for each maturity and interest rate in denominations equal to the aggregate principal amount of the 2023 Bonds for that maturity and interest rate. Such initially delivered 2023 Bonds shall be registered in the name of “Cede & Co.” as nominee for The Depository Trust Company, the securities depository for the 2023 Bonds. The 2023 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 under clause (1) or this clause (2) of this paragraph A, or a determination by the Authority that The Depository Trust Company or such successor or new depository is no longer able to carry out its functions, and the designation by the Authority of another depository institution acceptable to the Authority and to the depository then holding the 2023 Bonds, which new depository institution 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; or

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

B. In the case of a transfer to a successor of The Depository Trust Company or its nominee as referred to in clause (1) of paragraph A hereof or designation of a new depository pursuant to clause (2) of paragraph A hereof, upon receipt of the Outstanding 2023 Bonds by the Registrar together with written instructions for transfer satisfactory to the Registrar, a new 2023 Bond for each maturity and interest rate of the 2023 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 2023 Bonds as provided in clause (3) of paragraph A hereof, and upon receipt of the Outstanding 2023 Bonds by the Registrar, together with written instructions for transfer satisfactory to the Registrar, new 2023 Bonds shall be issued in authorized denominations as provided in and subject to the limitations of Sections 2.04 and 2.10 hereof, registered in the names of such persons, and in such authorized denominations as are requested in such written transfer instructions; however, the Registrar shall not be required to deliver such new 2023 Bonds within a period of less than 60 days from the date of receipt of such written transfer instructions.

C. The Authority, the Paying Agent and the Registrar shall be entitled to treat the registered owner of any 2023 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 Authority, the Paying Agent and the Registrar shall have no responsibility for transmitting payments or notices to the beneficial owners of the 2023 Bonds held by The Depository Trust Company or any successor or new depository named pursuant to paragraph A hereof.

D. The Authority, the Paying Agent and the Registrar 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 2023 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. Upon any partial redemption of any maturity and interest rate of the 2023 Bonds, Cede & Co. (or its successor) in its discretion may request the Authority to issue and authenticate a new 2023 Bond or shall make an appropriate notation on the 2023 Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case the 2023 Bond must be presented to the Registrar 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).

ARTICLE III

PLEDGE OF REVENUES; ESTABLISHMENT OF FUNDS AND APPLICATIONS THEREOF

Section 3.01. The Pledge Effected by the Resolution. The 2023 Bonds are special obligations of the Authority payable from and secured by the funds pledged therefor. The Authority covenants to pay promptly the principal of and interest on the 2023 Bonds at the place, on the dates and in the manner specified in this Resolution and in the Sale Certificate. There are hereby pledged for the payment of the principal of and interest on the 2023 Bonds in accordance with their terms and the provisions of this Resolution, subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Resolution, the Net Revenues, the Bond Fund, and the Reserve Fund (if the 2023 Bonds are designated as Reserve Fund Bonds in the Sale Certificate). The 2023 Bonds constitute an irrevocable and first (but not necessarily an exclusive first) lien upon the Net Revenues on a parity with the lien of the Existing Parity Bonds. The pledge of the Net Revenues shall be valid and binding from and after the date of the delivery of the 2023 Bonds, and the moneys as received by the Authority 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 Authority except any Outstanding Parity Lien Bonds heretofore or hereafter authorized. The lien of the pledge of the Net Revenues 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 Authority (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Section 3.02. Establishment of Funds. The following funds, constituting book accounts, are hereby created or continued: (a) Revenue Fund, (b) Bond Fund, (c) Reserve Fund, (d) Rebate Fund, (e) Operations Reserve Fund and (f) Rate Stabilization Fund.

Section 3.03. Delivery of 2023 Bonds and Disposition of Proceeds. The Treasurer of the Authority shall cause the 2023 Bonds to be prepared and executed as herein provided and on receipt of the purchase price shall deliver them to the Purchaser in such denominations as the Purchaser shall direct, but subject to the provisions of this Article, and the Registrar shall have initially registered such 2023 Bonds in such name or names as the Purchaser shall direct. Any Qualified Surety Bond relating to the 2023 Bonds shall be deposited to the Reserve Fund. The 2023 Bond proceeds shall be deposited as follows:

A. General Fund. That portion of the proceeds of the 2023 Bonds as specified in the Sale Certificate shall be accounted for in a subaccount of the General Fund to be known as the “Upper Eagle Regional Water Authority, Water Revenue Bonds, Series 2023, Construction Fund” (the “2023 Construction Fund”). Except as otherwise provided herein, the moneys in the 2023 Construction Fund shall be used solely for the purpose of paying the Costs of the Project and for the purposes set forth herein.

B. Cost of Issuance. That portion of the proceeds of the 2023 Bonds as specified in the Sale Certificate shall be deposited by the Paying Agent in the “Upper Eagle Regional Water Authority, Eagle County, Colorado, Water Revenue Bonds, Series 2023, Costs of Issuance Fund” established in the Paying Agent Agreement and used to pay the cost of issuance of the 2023 Bonds. When all such costs have been paid or adequate provision has been made therefor, the Authority shall transfer any 2023 Bond proceeds in excess of the amount needed to pay such costs to the Bond Fund.

C. Purchaser Not Responsible. The Purchaser, however, shall in no manner be responsible for the application or disposal by the Authority or by its agents, officers or employees of the funds derived from the sale of the 2023 Bonds or of any other funds herein designated.

Section 3.04. Revenue Fund. So long as any of the Bonds shall be Outstanding either as to Principal Installments or interest, or both, the Revenues shall be promptly deposited in and credited to the Revenue Fund, and the following payments shall be made therefrom:

A. Operation and Maintenance Expenses. First, as a first charge thereon, to the payment of Operation and Maintenance Expenses as they become due and payable.

B. Bond Fund Payments. Second, there shall be credited to the Bond Fund the following:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery of any Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source including moneys already available therefor in the Bond Fund, to pay the next maturing installment of interest on the Bonds then Outstanding, and monthly thereafter, commencing on the first day of the month following the first interest payment date on any Bonds, one-sixth of the amount

necessary to pay the next maturing installment of interest on the Bonds then Outstanding, except to the extent any other moneys are available therefor.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery of any 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 other moneys from time to time available therefor from whatever source, to pay the next Principal Installment of the Outstanding Bonds, and monthly thereafter, commencing on the first day of the month following the first principal payment date of such Bonds, one-twelfth of the amount necessary to pay the next Principal Installment of the Outstanding Bonds, except to the extent any other moneys are available therefor.

C. Rebate Fund. Third, there shall be credited into a separate subaccount of the Rebate Fund created for each series of Bonds the amounts required to be credited into such subaccount to comply with the rebate provisions of the Tax Code applicable to such series of Bonds. Nothing in this section requires that a resolution authorizing Parity Lien Bonds establish or provide for the funding of a subaccount in the Rebate Fund for Parity Lien Bonds. The moneys in any subaccount of the Rebate Fund established for a particular series of Bonds shall be used solely to make payment to the United States under the rebate provisions of the Tax Code applicable to such series of Bonds. Moneys in any such subaccount not needed for the purpose of making such payments may be withdrawn from such subaccount and deposited in the Revenue Fund.

D. Reserve Fund. Fourth, there shall be credited monthly to the Reserve Fund, an amount, if any, which is necessary to maintain the Reserve Fund in an amount not less than the Reserve Fund Requirement as a continuing reserve to pay principal of or interest on the Reserve Fund Bonds. Upon issuance of the 2023 Bonds, the Reserve Fund Requirement for the 2023 Bonds shall be met as provided in the Sale Certificate.

In determining the amounts required to be deposited as provided above, the Authority shall receive credit for any investment earnings on the deposit in the Reserve Fund. Investment earnings on deposit in the Reserve Fund shall remain in the Reserve Fund if the amount on deposit in the Reserve Fund is less than the Reserve Fund Requirement. No credit need be made to the Reserve Fund so long as the moneys and/or a Qualified Surety Bond therein equal the Reserve Fund Requirement (regardless of the source of such accumulations). If the amount on deposit in the Reserve Fund exceeds the Reserve Fund Requirement, the excess may be transferred to the Bond Fund. The Reserve Fund Requirement shall be accumulated and maintained as a continuing reserve to be used only to prevent deficiencies in the payment of the principal of and the interest on the Reserve Fund Bonds resulting from the failure to credit to the Bond Fund sufficient funds to pay said principal and interest as the same accrue. The Paying Agent shall be the custodian of any Qualified Surety Bond. By accepting delivery of the Qualified Surety Bond, the Paying Agent shall be deemed to agree to perform all duties required of a paying agent or trustee under the Insurance Agreement with respect to the Qualified Surety Bond. The Reserve Fund Requirement shall be re-calculated upon the issuance of Future Reserve Fund Bonds.

In lieu of all or a portion of the moneys required to be deposited in the Reserve Fund the Authority may at any time or from time to time deposit a Qualified Surety Bond in the

Reserve Fund in full or partial satisfaction of the Reserve Fund Requirement. Any such Qualified Surety Bond shall be payable (or available to be drawn upon) on any date on which moneys will be required to be withdrawn from the Reserve Fund as provided herein. Upon deposit of any Qualified Surety Bond in the Reserve Fund, the Authority may transfer moneys equal to the amount payable under the Qualified Surety Bond from the Reserve Fund and apply such moneys to any lawful purpose.

All cash and investments in the Reserve Fund shall be transferred to the Bond Fund for payment of principal and interest on the Bonds before any drawing may be made on any Qualified Surety Bond credited to the Reserve Fund in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Surety Bonds on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

If the Tax Code does not permit the use of proceeds of any series of Future Reserve Fund Bonds for a full funding of the Reserve Fund in the amount necessary to have the Reserve Fund funded at the Reserve Fund Requirement, the maximum amount of proceeds of such series of Future Reserve Fund Bonds which may be deposited to the Reserve Fund pursuant to the Tax Code shall be deposited to the Reserve Fund upon the issuance of such series of Future Reserve Fund Bonds, and thereafter Net Revenues shall be deposited to the Reserve Fund monthly so that not later than twelve calendar months after the date of issuance of such series of Future Reserve Fund Bonds, the amount on deposit in the Reserve Fund shall equal the Reserve Fund Requirement.

E. Operations Reserve Fund Payments. Fifth, there shall be deposited monthly into the Operations Reserve Fund, commencing in the month next succeeding each date on which any series of Bonds are delivered or on which the moneys accounted for in the Operations Reserve Fund for any other reason are less than the Operations Minimum Reserve, amounts which are necessary to bring the total amount in such Operations Reserve Fund to the Operations Minimum Reserve. Moneys in the Operations Reserve Fund shall be available as a reserve to meet unanticipated Operation and Maintenance Expenses or to meet any deficiencies in the Bond Fund. Upon a determination by the Treasurer of the Authority that there are insufficient moneys in the Revenue Fund to pay any specified amount of Operation and Maintenance Expenses due or to become due within any month, the Authority shall transfer an amount sufficient to pay such Operation and Maintenance Expenses from the Operations Reserve Fund to the Revenue Fund. In addition, if there shall be insufficient funds in the Revenue Fund to make the required deposits to the Bond Fund, as required by this Section, then the Authority shall transfer into the Revenue Fund on any such date from the Operations Reserve Fund an amount equal to the difference between the amount then remaining on deposit in the Revenue Fund prior to the transfer and the total amount needed to make the payments required by this Section.

F. Payment for Subordinate Bonds. Sixth, any balance remaining in the Revenue Fund, after making the payments provided above in this Section, shall be used by the Authority for the payment of interest on and the principal of Subordinate Bonds hereafter authorized to be issued and payable from the Net Revenues, including reasonable reserve funds

therefor and the funding of rebate obligations, as the same accrue; provided that the lien of such Subordinate Bonds on the Net Revenues and the pledge thereof for the payment of such additional obligations shall be subordinate and junior to the lien and pledge of the Bonds as hereinafter provided.

G. Use of Remaining Revenues. After the payments hereinabove required to be made by this Section, any remaining moneys in the Revenue Fund shall be used, firstly, for any other annual costs and, secondly, to the extent of any remaining surplus, for any one or any combination of lawful purposes of the Authority as its Board may from time to time conclusively determine.

Section 3.05. General Administration of Funds. The funds designated in Section 3.02 hereof shall be administered as follows:

A. Termination Upon Deposits to Maturity or Redemption Date. No payment need be made into the Bond Fund, if the amount in the Bond Fund equals a sum at least equal to the entire amount of the Outstanding Bonds, both as to Principal Installments and interest, in which case moneys in said fund in an amount at least equal to such Principal Installment and interest requirements shall be used solely to pay such as the same accrue, and any moneys in excess thereof in said fund may be withdrawn and used for any lawful purposes.

B. Places and Times of Deposits. Each of the funds designated in Section 3.02 hereof shall be maintained as a separate book account. The moneys in such funds may be deposited in a single account and shall be deposited with a Depository. Each bank account shall be continuously secured to the fullest extent required by the laws of Colorado for the securing of public funds, and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Moneys sufficient to pay the Bond Requirements of the Bonds shall be credited with the Paying Agent prior to each interest payment date herein designated, as provided in the Paying Agent Agreement.

C. Investment of Moneys. Except as otherwise required by law and subject to the limitations of Section 5.18 hereof, and supplementing the provisions of paragraph B of this Section, any moneys in any account designated in Section 3.02 hereof not needed for immediate use may be invested or reinvested by the Authority in Investment Securities, which:

(1) Either shall be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or

(2) Shall mature not later than the date or respective dates on which the proceeds are to be expended as estimated by the Authority upon each date of such investment or reinvestment.

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. The Investment Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of said account. The interest accruing thereon and any profit realized therefrom, as well as the income from time deposits, shall be Revenues. Any loss resulting from such investment shall

be charged to the account. The Authority's Treasurer shall present for redemption or sale on the prevailing market any Investment Securities so purchased as an investment of moneys in the account whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such account.

D. Character of Funds. The moneys in any fund or account referred to in this Section shall consist either of lawful money of the United States of America or Investment Securities, or both such money and such Investment Securities. Moneys deposited in a demand or time deposit account in or evidenced by a certificate of deposit of a Depository, appropriately secured in accordance with Colorado law, shall be deemed lawful money of the United States of America.

Section 3.06. Rate Stabilization Fund. In order to help offset or reduce any increases in fees, rates and other charges to the users of the System required by Section 5.02 hereof, the Authority previously created a separate fund of the Authority to be known as the "Upper Eagle Regional Water Authority Water Revenue Bonds, Rate Stabilization Fund." The Authority has previously deposited \$600,000 of available Authority funds into the Rate Stabilization Fund.

Moneys on deposit in the Rate Stabilization Fund shall be used only to pay the principal of and interest on the Bonds. The Authority 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 Authority 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 Authority 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 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.

ARTICLE IV

ADDITIONAL SECURITIES; REVENUE BONDS

Section 4.01. Parity Lien Securities.

A. No Superior Securities. No bonds or other securities shall be issued payable from and pledging the Revenues and having a lien upon such Revenues which is superior to the lien of the Bonds.

B. Parity Lien Bonds. Nothing contained in this Resolution shall be construed in such manner as to prevent the issuance by the Authority of Parity Lien Bonds provided the following additional requirements have been complied with:

(1) Absence of Default. At the time of the adoption of the resolution authorizing the issuance of the additional securities, the Authority shall not be in default in making any payments required by Article III hereof with respect to the Bonds, including any payments of Policy Costs.

(2) Historic Earnings Test. The Net 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 Average Annual Principal and Interest Requirements of all outstanding Bonds of the Authority during such 12-month period payable from the Net Revenues and such proposed Parity Lien Bonds to be issued.

(3) Adjustment of Revenues. In any computation under paragraph 2 of this Section, the amount of the Revenues for the applicable period shall be decreased and may be increased by the amount of loss or gain conservatively estimated by a Certified Public Accountant, an independent Engineer or the Finance Manager, which results from any changes, which became effective not less than 60 days prior to the last day of the period for which Revenues are determined, in any schedule of fees, rates and other charges constituting 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 Revenues need not be decreased by the amount of any such estimated loss to the extent the Certified Public Accountant, an 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 Authority's apparent ability to comply with the rate maintenance covenant stated in Section 5.02 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

(4) Reduction of Annual Requirements. The respective Bond Requirements (including the required 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 commercial bank with trust power, including the known minimum yield from any investment in Federal Securities and any bank deposits, including any certificate of deposit.

(5) Consideration of Additional Expenses. In determining whether or not additional Parity Lien 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 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 Authority's apparent ability to comply with the rate maintenance covenant

stated in Section 5.02 hereof without modification because of any restrictive legislation, regulation or other action under the police power exercised by any governmental body.

(6) If the Parity Lien Bonds are to be Future Reserve Fund Bonds, on the date of delivery of the Parity Lien Bonds there shall be deposited to the Reserve Fund cash, investments and/or a Qualified Surety Bond in an amount sufficient to increase the balance in the Reserve Fund to the Reserve Fund Requirement as calculated taking into account the issuance of the Parity Lien Bonds.

(7) A written certificate by the Finance Manager that such annual Revenues, when adjusted as hereinabove provided in paragraphs (3), (4) and (5), are sufficient to pay such amounts, as provided in this Section, shall be conclusively presumed to be accurate in determining the right of the Authority to authorize, issue, sell and deliver additional securities on a parity with the Bonds.

C. Subordinate Bonds. Nothing herein shall prevent the Authority from issuing Subordinate Bonds.

Section 4.02. Refunding Securities. If at any time after the 2023 Bonds herein authorized, or any part thereof, shall have been issued and remain Outstanding, the Board shall find it desirable to refund all or any portion of the Outstanding Bonds or all or any portion of the Outstanding Subordinate Bonds, such series of Bonds or Subordinate Bonds may be refunded. Any refunding securities payable, in whole or in part, from the Net Revenues may be 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 Authority by any proceedings authorizing the issuance of any unrefunded Bonds. So long as any 2023 Bonds are Outstanding, no such refunding securities payable, in whole or in part, from the Net Revenues may be issued on a parity with unrefunded 2023 Bonds (*i.e.*, as Parity Lien Bonds under this Resolution) without the consent of the holder or holders of the unrefunded Bonds unless either (1) as a result of the refunding, the refunding securities do not increase by more than \$5,000, for any Fiscal Year in which the unrefunded 2023 Bonds will be Outstanding, the Bond Requirements for such year evidenced by such refunding bonds and by the Outstanding 2023 Bonds not refunded or (2) such refunding obligations are issued in compliance with the provisions governing Parity Lien Bonds in Section 4.01.

ARTICLE V

PROTECTIVE COVENANTS

Section 5.01. Use of Bond Proceeds. The Authority, with the proceeds derived from the sale of the 2023 Bonds will, after the sale, issuance, and delivery of the 2023 Bonds, proceed without delay to effect the Project.

Section 5.02. Service Charges and Their Collection. There shall be charged to customers for Water Service, such rates, fees and charges as shall be: non-discriminatory, fair and reasonable, and adequate (after taking into consideration other moneys available or anticipated to be received, including any funds in the Rate Stabilization Fund) in each Fiscal Year so that Revenues shall be sufficient to pay (i) Operation and Maintenance Expenses, (ii) 110% of each

Fiscal Year's Bond Requirements of the Bonds, (iii) an amount equal to current costs of improvements to the System, excluding major capital additions, made in the ordinary course of business, (iv) any amounts required to meet then existing deficiencies pertaining to any fund or account relating to the Net Revenues or any securities payable therefrom and (v) 100% of any Policy Costs then due and owing.

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

No free Water Service shall be furnished by the Authority. The Authority shall cause all rates, fees, and Service Charges appertaining to the System to be collected as soon as is reasonable, shall prescribe and enforce rules and regulations for the payment thereof, and shall provide methods of collection and penalties as provided in the Service Contract, to the end that Revenues shall be adequate to meet the requirements hereof.

Section 5.03. Maintenance of Revenues; Service Contract.

A. The Authority shall promptly collect all charges due for Water Service as the same become due, and shall at all times maintain and promptly use commercially reasonable efforts to vigorously enforce its rights against any person who does not pay such charges when due.

B. The Authority shall enforce the provisions of the Service Contract and duly perform its covenants and agreements thereunder. The Authority will not consent or agree to or permit any rescission of or amendment to the Establishing Contract and the Service Contract, or either of them, which will in any manner materially and adversely affect the rights or security of the Bondholders under this Resolution, unless there is first secured the written consent of the Bondholders whose rights would be so affected, and any action by the Authority in violation of this covenant shall be null and void as to the Authority and any other party to such contracts.

Section 5.04. Records. Proper books of record and account will be kept by the Authority, showing complete and correct entries of all transactions relating to the System. Such books shall include (but not necessarily be limited to) monthly records showing:

- A. The amount of Service Charges paid by the customers of the Authority,
- B. The Revenues received from Service Charges, and
- C. A detailed statement of the Operation and Maintenance Expenses.

Section 5.05. Right to Inspect. Any holder of at least 25% of the aggregate principal amount of the 2023 Bonds or any duly authorized agent of such holder and shall have the right at all reasonable times to inspect all records, accounts, and data relating thereto and to inspect the System and all properties comprising the System.

Section 5.06. Audits. The Authority shall annually require an audit to be completed within the time required by law by a Certified Public Accountant and to be performed

in accordance with generally accepted auditing standards, on the financial statements of the Authority, which shall be prepared in accordance with generally accepted accounting principles as applied to governmental units. Such audit will be available for inspection by any holder of Bonds and will be completed within a reasonable time. Each such audit shall include whatever matters may be thought proper by the Certified Public Accountant to be included therein.

All expenses incurred in the making of the audits and reports required by this Section may be regarded and paid as an Operation and Maintenance Expense.

Section 5.07. Efficient Operation. The Authority will maintain the System in efficient operating condition and (subject to the provisions of the Establishing Contract) make such improvements, enlargements, extensions, repairs, and betterments thereto as may be necessary or advisable to ensure its economical and efficient operation at all times.

Section 5.08. Charges and Liens Upon System. From the Revenues, the Authority will pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied, assessed upon, or in respect to the System, or any part thereof, when the same shall become due, and it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System; and the Authority will not create nor suffer to be created any lien or charge upon the System or upon the Revenues therefrom except as permitted by this Resolution, and it will make adequate provisions to satisfy and discharge within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies, or other objects, which, if unpaid, might by law become a lien upon the System or upon the Revenues therefrom; provided, however, that nothing herein shall require the Authority to pay, or to cause to be discharged, or to make provision for, any such tax, assessments, lien, or charge before the time when payment thereof shall be due or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings or in continuing good faith negotiations.

Section 5.09. Insurance.

A. The Authority in its operation of the System will carry fire and extended coverage insurance, workmen's compensation insurance, public liability insurance, business interruption and other types of insurance in such amounts and to such extent as is normally carried by municipal corporations operating similar water facilities. The cost of such insurance may be considered one of the Operation and Maintenance Expenses of the System. In the event of property loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged if such property is necessary for operation of the System, and any remainder shall be treated as Net Revenues and shall be subject to distribution in the manner provided in Section 3.04 hereof for Revenues derived from the operation of the System.

B. The Authority may establish and create a special fund for the purpose of providing a self-insurance fund. Amounts to be deposited in or credited to such fund in any Fiscal Year shall be accounted for as Operation and Maintenance Expenses. To the extent that moneys are deposited in such fund, if created, such moneys may be invested in Investment Securities. To the extent of the amounts held in such fund, the face amount of appropriate insurance policies may be reduced.

Section 5.10. Corporate Existence. The Authority will 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 Authority and is obligated by law to operate and maintain the System and to fix and collect the Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any holder of any Outstanding Bond.

Section 5.11. Disposal of Facilities Prohibited. Except for the use of the facilities and services pertaining thereto in the normal course of business and the pledge and use of Revenues and other moneys as herein provided, neither all nor a substantial part of the System will 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, except as provided in Section 5.12 hereof.

Notwithstanding the above, in the event that the Authority should determine that it is in the best interest of the Authority and the Districts, the Authority is hereby authorized to transfer all (but not part) of the assets and obligations of the System to Eagle River Water and Sanitation District, or a subdistrict thereof, so long as Eagle River Water and Sanitation District, or a subdistrict thereof, assumes all outstanding obligations of the Authority, including the payment of the Bonds.

Section 5.12. Disposal of Unnecessary Property. The Authority at any time and from time to time may sell, exchange, lease or otherwise dispose of any property constituting a part of the System and not useful in the construction, reconstruction or operation thereof, or which will cease to be necessary for the efficient operation of the System, or which will have been replaced by other property reasonably estimated to be able to generate equivalent Net Revenues. Any proceeds of any such sale, exchange or other disposition received and not used to replace such property so sold or so exchanged or otherwise disposed of, will be deposited by the Authority in the Revenue Fund or into a special book account for betterment, enlargement, extension, other improvement and equipment of the appropriate portion of the System, or any combination thereof, as the Authority may determine. Administration and allocation of the moneys so deposited shall be as provided in Sections 3.04 and 3.05 hereof.

Section 5.13. Loss From Condemnation. If any part of the System is taken by the exercise of a power of eminent domain, the amount of any award received by the Authority as each taking will be paid into the Revenue Fund or a capital improvement account pertaining to the appropriate portion of the System for the purposes thereof, or will be applied to the redemption of the Bonds or held as a reserve for deposit subsequently into such a capital improvement account or for such prior redemption of obligations or for both such deposits and such redemption, as the Authority may determine.

Section 5.14. Performance Bonds. Each Authority official or other person having custody of any funds derived from operation of the System, or responsible for the handling of such funds, shall be fully bonded in amounts deemed appropriate by the Authority at all times, which bond shall be conditioned upon the proper application of said funds. The cost of each such bond may be considered one of the Operation and Maintenance Expenses.

Section 5.15. Competent Management. The Authority shall employ experienced and competent management personnel for the System. In the event of default on the part of the Authority in paying principal of or interest on the Bonds promptly as each falls due, or in the keeping of any covenants herein contained, and if such default shall continue for a period of 60 days, the Authority shall retain a firm of competent management Engineers skilled in the operation of water systems to assist the management of the System so long as such default continues.

Section 5.16. Performing Duties. The Authority will faithfully and punctually perform all duties with respect to the System required by the Constitution and laws of the State of Colorado and this Resolution of the Authority, including but not limited to, the making and collecting of reasonable and sufficient rates and charges for Water Service as hereinbefore provided, and the proper segregation of the Revenues and their application to the respective funds.

Section 5.17. Other Liens. Other than as provided by this Resolution and by the resolutions authorizing the Existing Parity Bonds, there are no liens or encumbrances of any nature whatsoever on or against the System or the Revenues derived or to be derived from the operation of the same.

Section 5.18. Tax Covenant. The Authority covenants for the benefit of the registered owners of the 2023 Bonds that it will not take any action or omit to take any action with respect to the 2023 Bonds, the proceeds of the 2023 Bonds, any other funds of the Authority or the facilities financed or refinanced with the proceeds of the 2023 Bonds if such action or omission (i) would cause the interest on the 2023 Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the 2023 Bonds to become a specific preference item for purposes of federal alternative minimum tax under the Tax Code, except as such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Tax Code) for the purpose of computing the alternative minimum tax imposed on corporations, or (iii) would cause the 2023 Bonds and the income therefrom to lose their exemption from taxation, except inheritance, estate, and transfer taxes, under present Colorado law. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2023 Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code and Colorado law have been met.

Section 5.19. Continuing Disclosure Covenant. The Authority shall comply with the provisions of the Continuing Disclosure Certificate. Any failure by the Authority 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. Neither the Registrar nor the Paying Agent shall have any power or duty to enforce this Section. No Owner of a 2023 Bond shall be entitled to damages for the Authority's non-compliance with its obligations under this Section; however, the Owners of the 2023 Bonds may enforce specific performance of the obligations contained in this Section by any judicial proceeding available.

ARTICLE VI

DEFEASANCE

Section 6.01. Defeasance. When the Bond Requirements due in connection with any 2023 Bond have been duly paid, the pledge and lien and all obligations hereof shall thereby be discharged and the 2023 Bond shall no longer be deemed to be “Outstanding” within the meaning of this Resolution. There shall be deemed to be such due payment when the Authority has placed, or has caused to be placed, in escrow or in trust with a Depository, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such 2023 Bond, as the same become due to the final maturity or the Redemption Date of the 2023 Bond. The following provisions of this Resolution shall remain in full force and effect notwithstanding the defeasance of any (but less than all) of the 2023 Bonds: Sections 1.01, 1.02, 2.04, 2.05, 2.06, 2.07, 2.09, 2.10, 2.11, 2.12, 2.13, 2.14, 2.15, 2.17, 5.18, 5.19, 6.01, 9.02, and 9.03. The Federal Securities shall become due at or prior to the respective times at which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Authority and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule. Except in the situation where there is payment or defeasance of all of the Outstanding 2023 Bonds, the provisions of this Section shall be subject to contractual restrictions, if any, governing the rights of the holders of such 2023 Bonds.

ARTICLE VII

DEFAULTS; REMEDIES

Section 7.01. Events of Default. Each of the following events is hereby declared an “Event of Default”:

A. Nonpayment of Principal. Payment of a Principal Installment of any of the Bonds shall not be made when the same shall become 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 Bonds shall not be made when the same becomes due and payable.

C. Inability to Perform. The Authority shall for any reason be unable to fulfill its obligations hereunder.

D. Default of any Provision. The Authority shall default in the due and punctual performance of its covenants or conditions, agreements, and provisions contained in the Bonds or in this Resolution on its part to be performed (other than as described in paragraphs A and B hereof and in Section 5.19 above), and if such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the holders of at least twenty-five percent (25%) in principal amount of the Bonds then Outstanding.

E. Cross Defaults. The occurrence and continuance of an “event of default,” as defined in any Parity Lien Bond resolution or any Insurance Agreement.

Section 7.02. Remedies for Defaults. Upon the happening and continuance of any of the events of default as provided in Section 7.01 hereof, then and in every case the holder or holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, may proceed against the Authority, its governing body, and its agents, officers, and employees to protect and enforce the rights of any holder of Bonds under this Resolution by mandamus or 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 an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such holder or holders may deem most effectual to protect and enforce the rights aforesaid, or thereby to enjoin any act or nothing which may be unlawful or in violation of any rights of any Bondholder, or to require the governing body of the Authority to act as if it were the trustee of an express 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 holders of the Bonds then Outstanding.

Notwithstanding the foregoing provisions of this Section, nothing in this Resolution shall act as or be deemed a waiver by the Authority of the defenses, protections and limitations of liability under the Colorado Governmental Immunity Act, Title 24, Article 10, C.R.S., as now or hereafter amended.

Section 7.03. Receiver’s Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such holders hereunder, the consent to any such appointment being hereby expressly granted by the Authority, may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges and may collect, receive and apply all Revenues arising after the appointment of such receiver in the same manner as the Authority itself might do.

Section 7.04. Rights and Privileges Cumulative. The failure of any holder of any Outstanding Bond to proceed in any manner herein provided shall not relieve the Authority, 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 holder (or trustee thereof) is in addition and cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any holder shall not be deemed a waiver of any other right or privilege thereof.

Section 7.05. Duties upon Default. Upon the happening of any of the events of default as provided in Section 7.01 hereof, the Authority shall do and perform all proper acts on behalf of and for the holders of the Bonds to protect and to preserve the security created for the payment of their Bonds and to ensure the payment of the Bond Requirements of the Bonds promptly as the same become due. During any period of default, so long as any of the Bonds issued hereunder, as to any Bond Requirements, are Outstanding, except to the extent it may be unlawful to do so, all Net Revenues shall be paid into the Bond Fund. If the Authority fails or refuses to proceed as in this Section provided, the holder or holders of no less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding, after demand in writing, may

proceed to protect and to enforce the right of the holders of the Bonds as hereinabove provided, and to that end any such holders of the Outstanding Bonds shall be subrogated to all rights of the Authority under any agreement, lease or other contract involving the System or the Revenues entered into prior to the effective date of this Resolution or thereafter while any of the 2023 Bonds are Outstanding.

Section 7.06. Duties in Bankruptcy Proceedings. If any user of the System proceeds under any laws of the United States relating to bankruptcy, including, without limitation, any action under any law providing for corporate reorganization, it shall be the duty of the Authority, and its appropriate officers are hereby authorized and directed, to take all commercially reasonable steps for the benefit of the holders of the Bonds in such proceedings, including the filing of any claims for unpaid fees, rates and other charges or otherwise arising from the breach of any of the covenants, terms or conditions of any contract involving the System.

ARTICLE VIII

INSURANCE POLICY AND RESERVE POLICY PROVISIONS

Section 8.01. 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 2023 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 2023 Bonds then Outstanding pursuant to this Resolution; provided, however, that the Insurer shall not be deemed to be the sole and exclusive Owner of the Outstanding 2023 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 9.02 hereof, and provided, further, that the Insurer shall not have the right to direct or consent to Authority, 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. In the event that the principal of or interest on a 2023 Bond shall be paid by the Insurer pursuant to the terms of the Insurance Policy: (1) such 2023 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 A of this Section and the Insurance Policy.

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

D. 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.

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

F. No contract shall be entered into nor any action taken by the Authority or the Paying Agent pursuant to which the rights of the Insurer or security for or sources of payment of the 2023 Bonds under this Resolution may be materially impaired or prejudiced except upon obtaining the prior written consent of the Insurer.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Delegated Powers. The officers of the Authority hereby are authorized and directed to take all action necessary or appropriate to effectuate the provisions hereof, including, without limiting the generality of the foregoing:

A. **Printing Bonds.** The printing of the 2023 Bonds; and

B. **Final Certificates.** The execution of certificates, relating, *inter alia*, to the signing of the 2023 Bonds, the exclusion of the interest of the 2023 Bonds from income taxation, the tenure and identity of the Authority officials, delivery of the 2023 Bonds, the receipt of the 2023 Bond purchase price, the absence of litigation, pending or threatened, affecting the validity thereof, the use of the proceeds thereof and as to the Official Statement relating to the 2023 Bonds.

Section 9.02. Amendment of Resolution.

A. **Limitations Upon Amendments.** This Resolution may be amended or supplemented by resolution adopted by the Board in accordance with the laws of the State of Colorado, without receipt by the Authority of any additional consideration, but (except as provided in paragraph B of this Section) with the written consent of the holders of a majority of the Bonds Outstanding at the time of the adoption of such amendatory or supplemental resolution (not including in any case any Bonds which may then be held or owned for the account of the Authority,

but including such refunding securities as may be issued for the purpose of refunding any of the Bonds herein authorized if such refunding securities are not owned by the Authority); provided, however, that no such resolution (without consent of each Bondholder who may be adversely affected thereby) shall have the effect of permitting:

(1) An extension of the maturity or sinking fund redemption date, or time of any interest payment on any Bond authorized hereby; or

(2) A reduction in the principal amount of any Bond, the rate of interest thereon, or the redemption premium, if any, payable thereon; or

(3) The creation of a lien upon or a pledge of Revenues ranking prior to the lien or pledge created hereby; or

(4) A reduction of the principal amount of Bonds required for consent to such amendatory or supplemental resolution; or

(5) The establishment of priorities as between Bonds issued and Outstanding under the provisions hereof; or

(6) The modification of or otherwise affecting the rights of the holders of less than all of the Bonds then Outstanding.

B. Amendments Without Bondholder Consent. Notwithstanding the provisions of paragraph A of this Section, no resolution supplementing this Resolution which authorizes Parity Lien Bonds, and making necessary provisions in connection therewith, but without otherwise modifying the contractual rights of the holders of the Bonds, shall require any consent of the Outstanding Bondholders. This Resolution and the rights and obligations of the Authority and of the holders of the Bonds may also be modified or amended at any time, without the consent of any Bondholders, but only to the extent permitted by law and only for any of the following purposes:

(1) to add to the covenants and agreements of the Authority in this Resolution contained, other covenants and agreements thereafter to be observed; or

(2) 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 Authority may deem necessary or desirable, and which shall not materially adversely affect the interests of the holders of the Bonds; or

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

C. Notice of Amendment. Whenever the Authority shall propose to amend or modify this Resolution under the provisions of paragraph A of this Section, it shall cause notice of the proposed amendment to be mailed to each holder of the Outstanding Bonds at such person's address as it last appears on the registration records kept by the Registrar. 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 in the office of the Authority's Secretary for public inspection.

D. Time for Amendment. Whenever at any time within one year from the date of the mailing of said notice there shall be filed in the office of the Authority's Secretary an instrument or instruments executed by the requisite holders of the Bonds then Outstanding, as provided in paragraph A of this Section, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, but not otherwise, the Board may adopt such amendatory resolution and such resolution shall become effective.

E. Binding Consent to Amendment. If such requisite holders of the Bonds Outstanding, at the time of the adoption of such amendatory resolution, or the predecessors in title of such holders, shall have consented to and approved the adoption thereof as herein provided, no holder of any Bond, whether or not such holder shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Authority from taking any action pursuant to the provisions thereof.

F. Time Consent Binding. Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the mailing of the notice above provided for and shall be conclusive and binding upon all future holders of the same Bond during such period. At any time after six months from the date of the mailing of such notice, such consent may be revoked by the holder who gave such consent or by a successor in title by filing notice of such revocation with the Authority Secretary, but such revocation shall not be effective if the requisite holders of the Bonds Outstanding, as hereinabove described in this Section, including the holder making such purported revocation, have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation and such amendatory resolution has been adopted.

G. Proof of Instruments. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgment of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of any witness to such execution sworn to before such officer.

Section 9.03. Resolution Irrepealable. After any of the 2023 Bonds are issued, this Resolution shall constitute a contract between the Authority and the holder or holders of the 2023 Bonds from time to time; and this Resolution shall be and remain irrepealable until the 2023 Bonds and the interest on the 2023 Bonds shall be fully paid, cancelled, and discharged, as herein provided.

Section 9.04. Pledge of Revenues. The creation, perfection, enforcement, and priority of the pledge of revenues to secure or pay the 2023 Bonds as provided herein shall be governed by Section 11-57-208 of the Supplemental Act and this Resolution. The revenues pledged for the payment of the 2023 Bonds, as received by or otherwise credited to the Authority,

shall immediately be subject to the lien of such pledge without any physical delivery, filing, or further act. The lien of such pledge on the revenues pledged for payment of the 2023 Bonds and the obligation to perform the contractual provisions made herein shall have priority over any or all other obligations and liabilities of the Authority, except any Outstanding Parity Lien Bonds heretofore or hereafter authorized. The lien of such pledge shall be valid, binding, and enforceable as against all persons having claims of any kind in tort, contract, or otherwise against the Authority irrespective of whether such persons have notice of such liens.

Section 9.05. No Recourse against Officers and Agents. Pursuant to Section 11-57-209 of the Supplemental Act, if a member of the Board, or any officer or agent of the Authority acts in good faith, no civil recourse shall be available against such member, officer, or agent for payment of the principal, interest or prior redemption premiums on the 2023 Bonds. Such recourse shall not be available either directly or indirectly through the Board or the Authority, or otherwise, whether by virtue of any constitution, statute, rule of law, enforcement of penalty, or otherwise. By the acceptance of the 2023 Bonds and as a part of the consideration of their sale or purchase, any person purchasing or selling such 2023 Bond specifically waives any such recourse.

Section 9.06. Conclusive Recitals. Pursuant to Section 11-57-210 of the Supplemental Act, the 2023 Bonds shall contain a recital that they are issued pursuant to the Supplemental Act. Such recital shall be conclusive evidence of the validity and the regularity of the issuance of the 2023 Bonds after their delivery for value. In addition, pursuant to Section 31-35-413, C.R.S., the 2013 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 2013 Bonds issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

Section 9.07. Electronic Signatures; Electronic Transactions. The Chairman, the Secretary, the General Manager, the Finance Manager and all other employees and officials of the Authority that are authorized or directed to execute any agreement, document, certificate, instrument or other paper in accordance with this Resolution (collectively, the “Authorized Documents”) are hereby authorized to execute Authorized Documents electronically via facsimile or email signature. Any electronic signature so affixed to any Authorized Document shall carry the full legal force and effect of any original, handwritten signature. This provision is made pursuant to Article 71.3 of Title 24, C.R.S., also known as the Uniform Electronic Transactions Act. It is hereby determined that the transactions described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 9.08. Severability. If any section, paragraph, clause, or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 9.09. Limitation on Actions. Pursuant to Section 11-57-212 of the Supplemental Act, no legal or equitable action brought with respect to any legislative acts or

proceedings of the Authority in connection with the authorization or issuance of the 2023 Bonds, including but not limited to the adoption of this Resolution, shall be commenced more than thirty days after the authorization of the 2023 Bonds.

Section 9.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, shall be a legal holiday or a day on which banking institutions in the city in which is located the principal office of the Registrar and Paying Agent are authorized or required by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized or required by law to remain closed, 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.

Section 9.11. Repealer Clause. All bylaws, orders, resolution, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution, or part thereof, heretofore repealed.

Section 9.12. Recordation. This Resolution, immediately on its final passage, shall be recorded in the Authority book or resolution kept for that purpose and authenticated by the signatures of the Chairman and the Secretary of the Authority.

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PASSED AND APPROVED on October 26, 2023.

UPPER EAGLE REGIONAL WATER
AUTHORITY

Chairman

(SEAL)

Secretary

UPPER EAGLE REGIONAL WATER AUTHORITY

RESOLUTION NO. 2023-09

**A RESOLUTION TO EXERCISE AN OPTION TO PURCHASE
25 ACRE-FEET OF EAGLE PARK RESERVOIR WATER
FROM THE EAGLE RIVER WATER AND SANITATION DISTRICT**

WHEREAS, the Upper Eagle Regional Water Authority (“Authority”) is a quasi-municipal corporation and political subdivision of the State of Colorado and a duly organized and existing water authority pursuant to law; and

WHEREAS, the Authority entered into that Option Agreement with the Eagle River Water and Sanitation District (“District”) dated December 17, 2020, by which the District has a 10-year option to purchase (the “Option”) up to 25 acre-feet of water from the District’s Class A Series 2 stock of the Eagle Park Reservoir Company (the “Water Rights”); and

WHEREAS, the Board hereby finds and determines that it is in the best interest of the public health, welfare and safety of the Authority residents and visitors to exercise its Option set forth in the Option Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (“Board”) of the Upper Eagle Regional Water Authority as follows:

1. The Board declares its intent to exercise its Option to purchase the Water Rights from the District at a price of \$66,063 per acre-foot, for a total purchase price of \$1,651,575. The Board intends to use the Water Rights to provide water service within the service area of the Authority. The Authority will also pay for all costs associated with any Water Court proceedings necessary to transfer the Water Rights from the District to the Authority.

2. The General Manager and her designees are hereby authorized to provide notice and take such action necessary to effect the transfer of the purchase price to the District within 30 days of this Resolution.

3. The Authority’s Water Counsel is hereby authorized to take all such action necessary to effect the change in ownership of the Water Rights, including but not limited to pursuing a Water Court proceeding.

RESOLVED this 26th day of October 2023, by a vote of _____ in favor and _____ opposed.

ADOPTED AND APPROVED this 26th day of October 2023.

**UPPER EAGLE REGIONAL WATER
AUTHORITY**

By: _____
George Gregory, Chairman

Attest:

Kim Bell Williams, Secretary



BOARD COMMITTEES

DISTRICT

Audit/Budget Dick Cleveland
Steve Coyer
*Sarah Smith Hymes

Employee Housing Steve Coyer
Rick Pylman
*Robert Warner, Jr.

Retirement Plans Robert Warner, Jr.
Siri Roman
David Norris
*Dick Cleveland

Organizational Development Robert Warner, Jr.
Dick Cleveland
*Timm Paxson

Water Quality Sarah Smith Hymes
Timm Paxson
*Steve Coyer

AUTHORITY

Audit/Budget Geoff Dreyer
George Gregory
*Mike Trueblood

JOINT

Rules and Regulations Kim Bell Williams (A)
Robert Warner, Jr. (D)
*George Gregory (A)
*Rick Pylman (D)

Water Conservation Mike Trueblood (A)
Tamra Underwood (A)
Kate Burchenal (D)
Steve Coyer (D)
*Kevin Hillgren (A)
*Sarah Smith Hymes (D)

(A) = Authority, (D) = District

*Backup committee member
(serves in the absence of a primary member)



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

GOVERNED BY:

The Metropolitan
Districts of:
Arrowhead
Beaver Creek
Berry Creek
EagleVail
Edwards
The Town of Avon

M E M O R A N D U M

TO: Board of Directors
FROM: Brian Thompson, Government Affairs Administrator
DATE: October 20, 2023
RE: Summary of Authority’s September 28, 2023, Board Meeting

The following is a summary of items discussed at the Authority’s September 28, 2023, board meeting.

Directors present and acting were Chair George Gregory, Secretary Kim Bell Williams, Treasurer Geoff Dreyer, Kevin Hillgren, Mike Trueblood, and Tamra Underwood.

- Awards Recognition** The board congratulated the District for receiving the Special District Association’s “Safest District of the Year” award; the Avon Wastewater Treatment Facility for receiving operational awards from the Rocky Mountain Water Environment Association (RMWEA) and American Concrete Institute; and project manager Madeleine Harris for receiving RMWEA’s Young Professional of the Year.

- Supporting the Bolts Ditch Act** The board passed a joint resolution supporting the Bolts Ditch Act (S. 2156), which would include the Authority and District as governmental entities that may use, maintain, and repair Bolts Ditch and its headgate.

- Budget Work Session** The board convened a work session to study the proposed FY 2024 budget. The board discussed the importance of Bolts Lake and project acceleration. A public hearing on the proposed budget will be held on Oct. 26.

- Community Outreach: Rate restructuring** Siri Roman reported on community outreach explaining the foundational corrections to certain rate structures that will be implemented in January 2024. Diane Johnson said a postcard was sent to all mailing address in the Authority and Vail Water service areas to inform customers of increased rates and rate structure changes to *Individually Metered Residential* and *Irrigation-Only* accounts.

- Minturn/Battle North Settlement Agreement** Siri Roman presented a letter that was sent to Minturn and Battle North restating agreement provisions and clarifying mutual expectations regarding the recreational uses of Bolts Lake.

- Water Conservation Program Updates** Allison Ebbets and Salma Huque presented a personalized, interactive web-based bill forecasting tool to help customers calculate projected 2024 billings compared to 2023 and how changing water use will impact their total bill. The tool will be available on the District website in October.

- Drought Management Plan** Jason Cowles said the District and Authority received a Colorado Water Conservation Board grant to develop a drought / water scarcity management plan.

- Joint Work Session with Becky Mitchell** Diane Johnson said Colorado River Commissioner Becky Mitchell will meet with the District and Authority boards on Oct. 20. Commissioner Mitchell will also speak at a community event on Oct. 20 at the Lionshead Grand View Room.

Managed by Eagle River Water & Sanitation District

846 Forest Road Vail, Colorado 81657 Tel (970) 476-7480 erwsd.org



MEMORANDUM

TO: Boards of Directors
FROM: Allison Ebbets, Water Conservation Supervisor
DATE: October 18, 2023
RE: Water Conservation Program Update

Below is a summary of Water Conservation staff work since September 2023.

Rebates to reduce outdoor water use

Staff continue to process rebate applications, conduct site visits, and answer customer questions about how to use less water outdoors. In early October ERWSD and UERWA were each awarded an additional \$10,000 of Colorado Water Conservation Board (CWCB) Turf Replacement Program (TRP) funding, bringing the total rebate program grant funding to \$50,000 for each entity.

Online bill forecasting tool

The online bill forecasting tool is being launched this month! Staff is tracking questions and comments that come in through customer service and the number of customers who access the online tool. The WC team will use this information to improve future communication about water conservation and billing structure changes.

Water Service Agreements and Special Deals

Water Conservation staff have reviewed ERWSD and UERWA's existing water service agreements and special water agreements. Staff will draft letters to water service agreement partners regarding the details of agreements, detailing a path forward to encourage properties out of compliance to adjust. Staff are reviewing all available information and data for special water agreements with end dates and will propose a consistent path forward based on available data and documentation.

Data management and tracking

Data management is an ongoing effort that staff incorporates into every project and evaluation. The next phase of concerted data management includes updating billing rates and billing structures in our customer information system before they are implemented for 2024.

Customer Outreach

Water Conservation and Communications staff are meeting with internal staff and external stakeholder groups to review rate and rate structure changes. Internally, Water Conservation staff have met with customer service and held an all-staff lunch and learn to share detailed information about coming changes and demonstrate the bill forecasting tool. Water Conservation and Communications staff are supporting external meetings with community stakeholders, metro districts, and individuals as needed. In addition, Water Conservation staff have been participating in the Urban Landscape Conservation Task Force meetings and workshops, a final report from the task force is scheduled for release in January 2024.

Type	Timing
One-on-one meetings with community / HOA / property managers	Continual
Radio interviews	Continual
News stories, columns	Monthly
Postcard to every 81620, 81632, 81657, and 81658 address	Sept. 29
Print, digital, and radio advertising	Oct. 1
Individualized letter showing rate change difference between 2023 and 2024	October
Bill calculator tool	October
Local government meetings	October-December
HOA and other community groups	October-December
Billing insert to every customer account	November statements
Email / phone communication to highest affected groups	November-December
Individualized letter showing rate change difference to highest affected groups	February-March 2024



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

**Fiscal Year 2023
Quarterly Financial Report
For the 3rd Quarter Ending September 30, 2023**

1. Quarterly Financial Report Cover Memo
2. Net Income & Budget Comparisons
3. Revenue Comparisons
4. Bond & Cash Balances



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

To: Board of Directors
From: Jim Cannava, Finance Manager
Date: October 18, 2023
Re: Quarterly Financial Reports – YTD September 30, 2023

The 3rd Quarter reports are attached.

Revenues:

- Operating
 - 8% greater than budget and 15% greater than YTD 2022 due to year-over-year water consumption is 9% greater in tiers 3 through 5 YTD
- Non-Operating
 - 212.1 SFE added YTD and \$2,652,856 collected in Impact Fees

Expenses:

- Operating
 - 1.2% less than budget
 - 7.5% greater than YTD 2022 due to the management agreement with the District and additional meter purchases in 2023.
- Non-Operating
 - Under budget due to project spend timing
 - \$652K remaining in the Capital & CRP budget

Bond Funds:

- \$7.5MM remaining in the Bond budget
- \$3.2MM bond fund deficit
- Proposed \$22MM bond scheduled to close in December
 - Estimated monthly debt service rate per SFE: \$8.55
 - Proposed new rate to begin in January 2025



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

Net Income & Budget Comparisons

UERWA

Operating	Annual Budget	YTD 2023 Q2	YTD Q2 2022
Revenue	\$13,053,526	\$11,768,969	\$10,203,933
Expense	\$10,922,457	\$8,733,890	\$7,627,482
Net Income	\$2,131,069	\$3,035,079	\$2,576,451

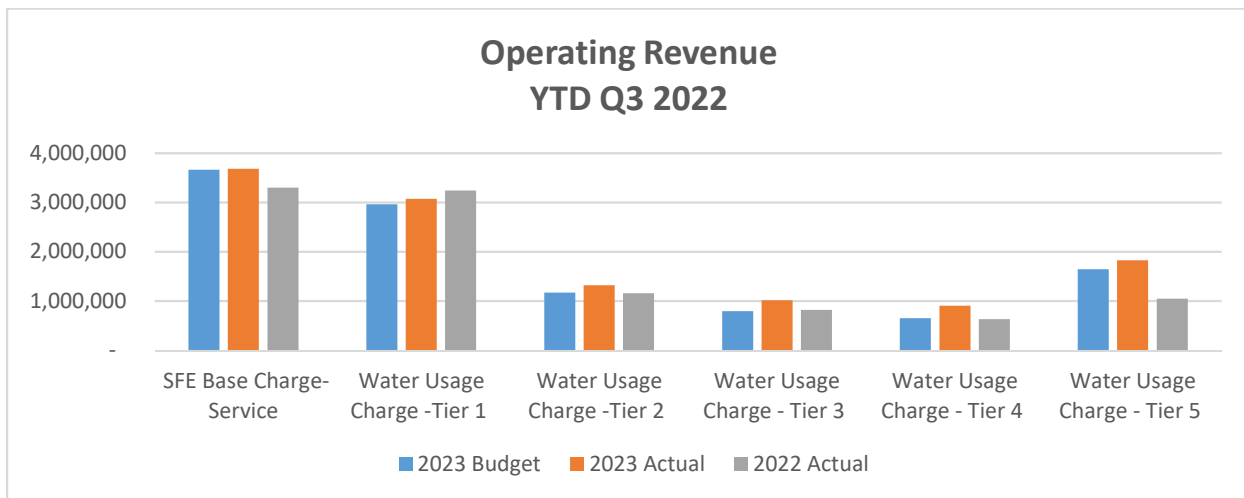
Non-Operating	Annual Budget	YTD 2023 Q2	YTD Q2 2022
Revenue	\$4,261,562	\$5,988,082	\$3,337,471
Expense	\$5,404,903	\$2,324,203	\$2,493,654
Net Income	(\$1,143,341)	\$3,663,879	\$843,818

Net Income	\$987,728	\$6,698,958	\$3,420,268
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Unrestricted Fund Balance	Annual Budget	YTD 2023 Q2
Beginning Balance	\$3,854,285	\$3,854,285
Net Income	\$987,728	\$6,698,958
Ending Balance	\$4,842,013	\$10,553,243

- Budgets reflect a negative net income due to FY 2022 capital project carryforwards.

Revenue Comparison



- Total Water Service Revenue is 8.5 greater than budget YTD & 15.8% over YTD 2022



**UPPER EAGLE REGIONAL
WATER AUTHORITY**

- Tier revenues are 12.6% greater than budget due to a 9% YOY YTD increase in tier 3 through tier 5 consumption
- Base fees are 0.5% greater than budget due to additional SFE
- Water Service Impact Fees are \$2,652,857 YTD, \$2,077,096 greater than YTD 2002

Bond Balances & Cash

Bond Funds	Annual Budget	YTD 2023 Q2	YE 2022
Beginning Balance	(\$893,928)	(\$893,928)	\$7,143,902
Expense	(\$9,366,970)	(\$1,911,802)	\$8,037,830
Bond Balance	(\$10,260,898)	(\$2,805,730)	(\$893,928)

Bond Projects	Budget	Actual	Remaining Budget
Wildridge BPS and PRV Improvements	2,748,548	266,762	2,481,786
Upgrade PLC 6 @ ADWF-Master PLC	2,061,659	1,155,310	906,348
Traer Creek Tank Replacement	20,000	30,554	-10,554
Fenno Well House/Raw Water Conveyance	1,295,389	23,727	1,271,662
Bolts Lake Reservoir	695,737	315,390	380,346
Arrowhead Transmission Main Rehab	2,023,738	9,154	2,014,584
RTU System Upgrade	150,000	589	149,411
Edwards Transmission Line Phase 2	10,000	20,953	-10,953
Beaver Creek BPS 1,2, & 3 Rehabilitation	361,900	89,363	272,537
Total	9,366,970	1,911,802	7,455,169

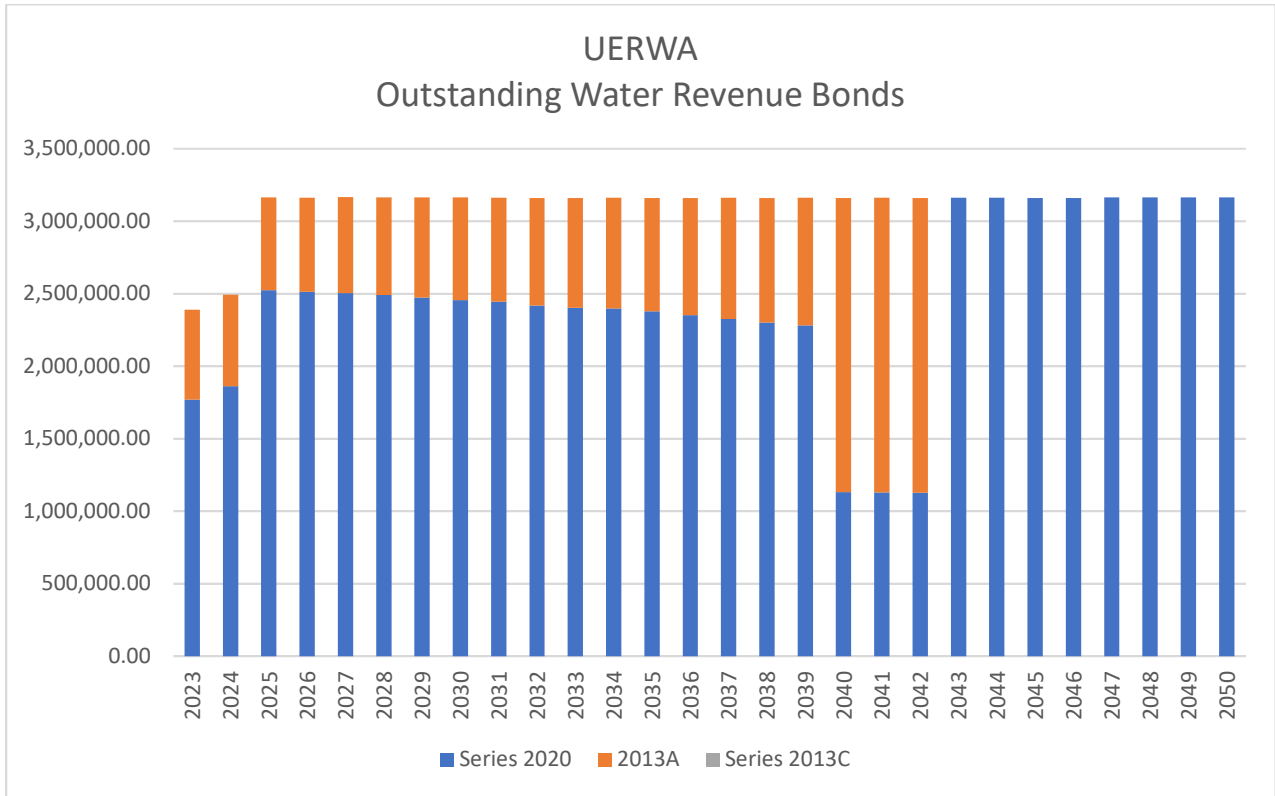
- 3-Year estimated bond: \$22MM.
- Estimated rate to be applied in 2025: \$8.55 per SFE/mo.

UERWA	2023	2022	2021
Cash Balance	\$ 15,013,464	14,417,768	21,742,153

- Cash balance fluctuations are primarily due to bond funds and timing of payable distributions



**UPPER EAGLE REGIONAL
WATER AUTHORITY**



- Total Outstanding Debt Service: \$87,076,073
- 2024 Revenue Bond Estimated Debt Service \$38,589,062



UPPER EAGLE REGIONAL WATER AUTHORITY

GOVERNED BY:

The Metropolitan Districts of: Arrowhead, Beaver Creek, Berry Creek, EagleVail, Edwards

The Town of Avon

BOARD POLICY

Table with 2 columns: Title (Fund Balance Policy), Department (Business Administration), Effective Date, Previous Effective Date(s) (N/A)

Background:

The purpose of this policy is to establish clear guidelines for maintaining an appropriate level of fund balance in the Water Funds. This policy is designed to ensure prudent financial management, improve creditworthiness, maintain high-quality service, and safeguard the long-term financial stability of the Authority, contributing to the well-being of the community it serves.

Policy:

To determine appropriate Fund Balance levels, the Authority will consider the following critical factors:

- 1. Maintain Six Months of Operating Funds: The Authority shall maintain a reserve equivalent to a minimum of six months' worth of operating expenses to ensure a cushion against unexpected financial challenges.
2. Hold Reserves to Meet All Bond Covenants: Sufficient reserves shall be maintained to meet all bond covenants and obligations, providing security to investors.
3. Provide Flexibility for Unexpected or Emergency Expenditures: The policy allows for the flexibility to address unexpected or emergency expenditures, including provisions for a contingency fund, which can be accessed in times of need.
4. Maintain Reserves for Revenue Shortfalls: Reserves shall be maintained to cover any shortfalls in revenues due to unexpected changes in demand, such as wet weather, drought conditions, or natural disasters, ensuring financial stability during unforeseen
5. Maintain Reserves for Bond Issue Timing Flexibility: Reserves shall allow flexibility in bond issue timing to better manage the implementation of increased rates, ensuring financial agility in responding to market conditions.

To meet the levels outlined above, this policy establishes the following targets:

- Fund Balance Floor: The minimum fund balance shall be set at 6 months of operating expenses to maintain financial security.
• Fund Balance Ceiling: The maximum fund balance shall be set at 12 months of operating expenses, preventing excessive accumulation of funds.

In the event that the fund balance falls below the targeted minimum level, staff will develop a plan through the annual budgetary process to bring the balance to the target level over a reasonable period, not exceeding 3 years. Amounts in excess of the maximum ceiling shall be subject to review by the Board of Directors to determine their appropriate use(s).

While current and projected levels in the Authority's fund balances appear to satisfactorily meet funding needs, staff will continue to proactively evaluate factors driving the fund balance strategy and make adjustments as necessary to ensure the Authority's long-term financial health.

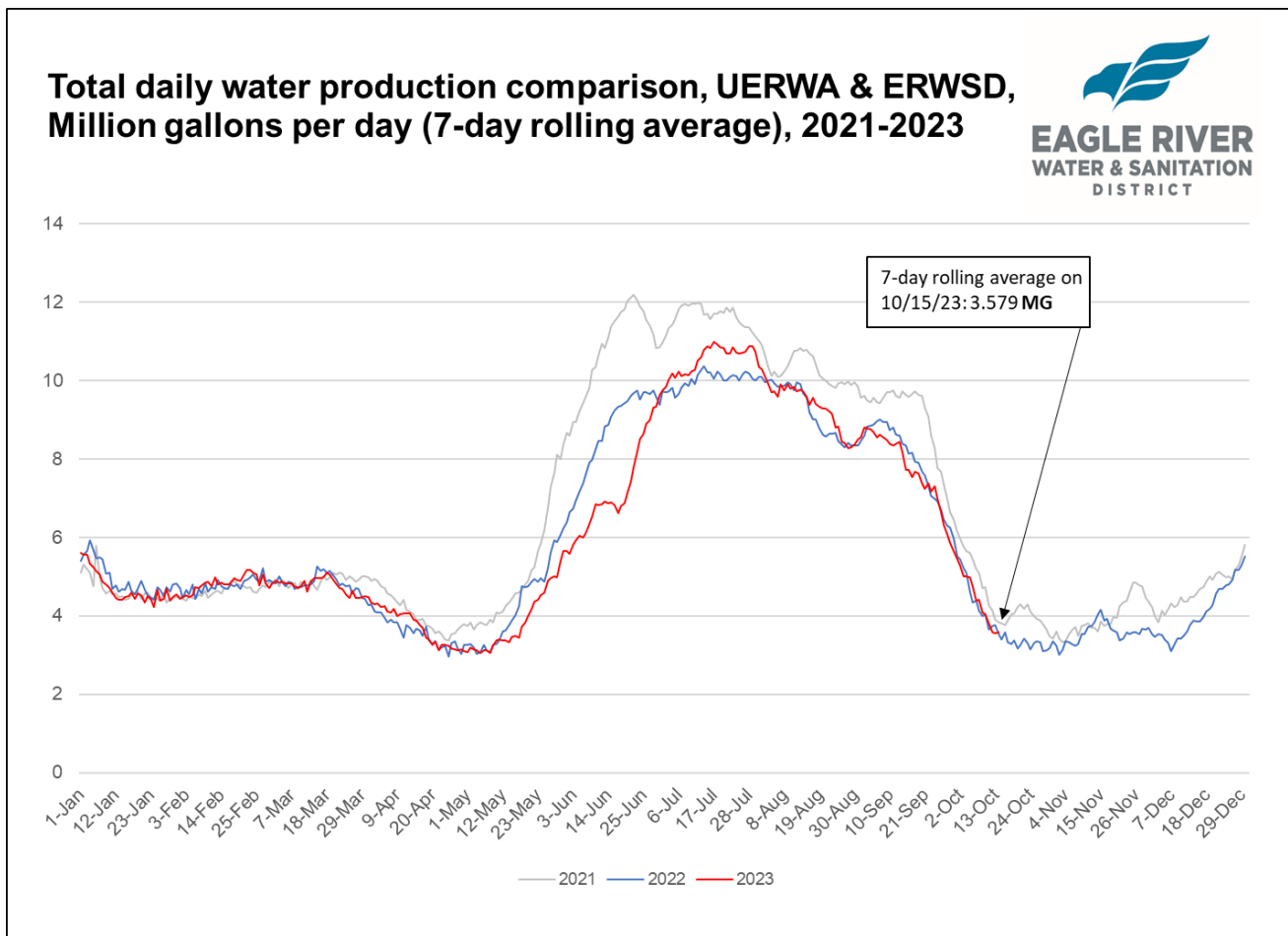


OPERATIONS MONTHLY REPORT OCTOBER 2023

WATER

Kailey Rosema

The system-wide water production comparison was updated through Oct. 15. Production is normal for this time of year.



The Avon Drinking Water Facility (ADWF) was taken out of service on Oct. 9 to complete the planned Programmable Logic Controllers (PLCs) upgrade project. Water downloading (from Vail into Avon) has been initiated and will continue through Nov. 9, the scheduled completion date of the PLC project.

The 2023 annual comprehensive water storage tank inspections have been completed. One-third of the tanks are inspected and cleaned each year. This year, 17 inspections and cleanings were performed using a submersible remotely operated vehicle (ROV). The ROV equipment provides high resolution imagery of each tank's internal infrastructure. An ROV inspection is safer and reduces the risk of water contamination because human divers do not need to enter the tanks.



Comprehensive water tank inspection and cleaning performed using an ROV

District staff coordinated with Vail Resorts and the Ski and Snowboard Club Vail (SCCV) to prepare the Golden Peak snowmaking pump station for seasonal startup. A 2023 goal is to optimize distribution system operation to maximize water availability to SCCV during the early snowmaking season (October and November).

WASTEWATER

Chris Giesting

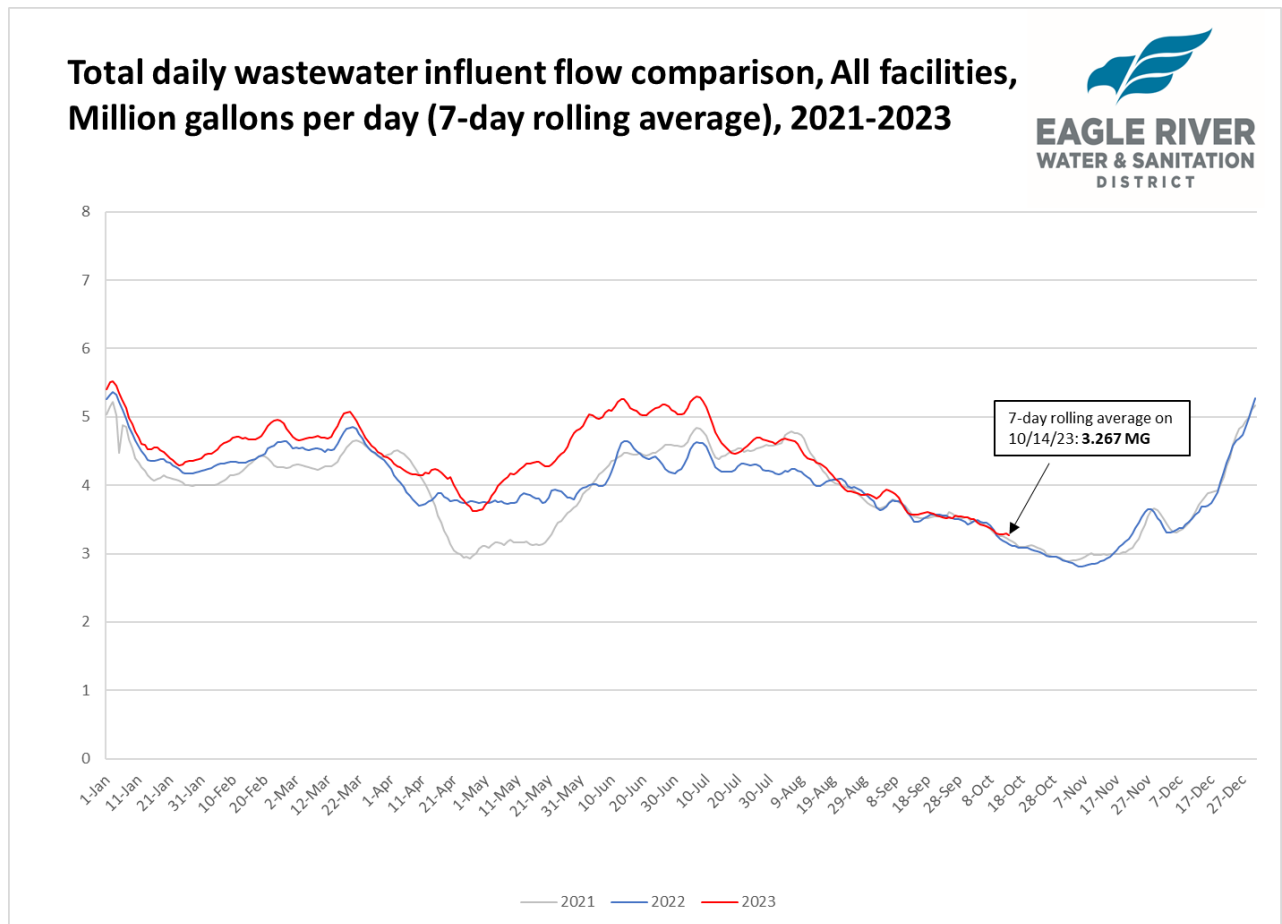
CDPHE's Compliance Evaluation Inspection (CEI) of the District's wastewater and collection facilities is scheduled for Dec. 12-13. The CEI occurs once every three years. It involves a detailed onsite inspection of the wastewater facilities/infrastructure and a comprehensive audit of all clean water regulatory programs, recordkeeping programs, safety programs, and operations procedures. The entire operations department will be focused on CEI preparation over the next two months.

CIP is assisting with media replacement at the two biofilter odor control units at the Edwards Wastewater Facility (EWW). The work involves removal and disposal of organic wood media, removal and cleaning the inorganic rock media, inspection, cleaning, and air flow verification of the units, and re-installation of a larger quantity of inorganic rock media. The media replacement project is expected to be completed by the end of the year.



Media removal from EWW odor control biofilter

Cumulative influent wastewater flow and organic loading is normal for this time of year.



FIELD OPERATIONS

Niko Nemcanin

The Field Operations team replaced and relocated a fire hydrant near Deer Boulevard in Eagle Vail. The previous hydrant did not meet District standards and could not be maintained without shutting down water service for nearby residences.



Fire hydrant replacement (before and after)

The Field Operations and CIP teams partnered on a project to abandon the 6-inch water main in Millies Lane (in Avon) that was upsized and replaced during the 2022 Avon Wastewater Facility (AWW) fire flow improvements project. A hairline crack was observed in a tee fitting, illustrating the generally poor condition of the old pipe that was replaced.



Cracked ductile iron fitting

UTILITY SERVICES

Shane Swartwout

Meter Services

The construction meter rental season has ended, and the Meter Services team has started collecting meters from customers. Once collected, staff will inspect the meters, test the backflow preventers, and process the customer accounts. The team is also continuing with its AMI conversion effort in the Authority system. A progress report is provided below.

Report Date:	10/16/2023
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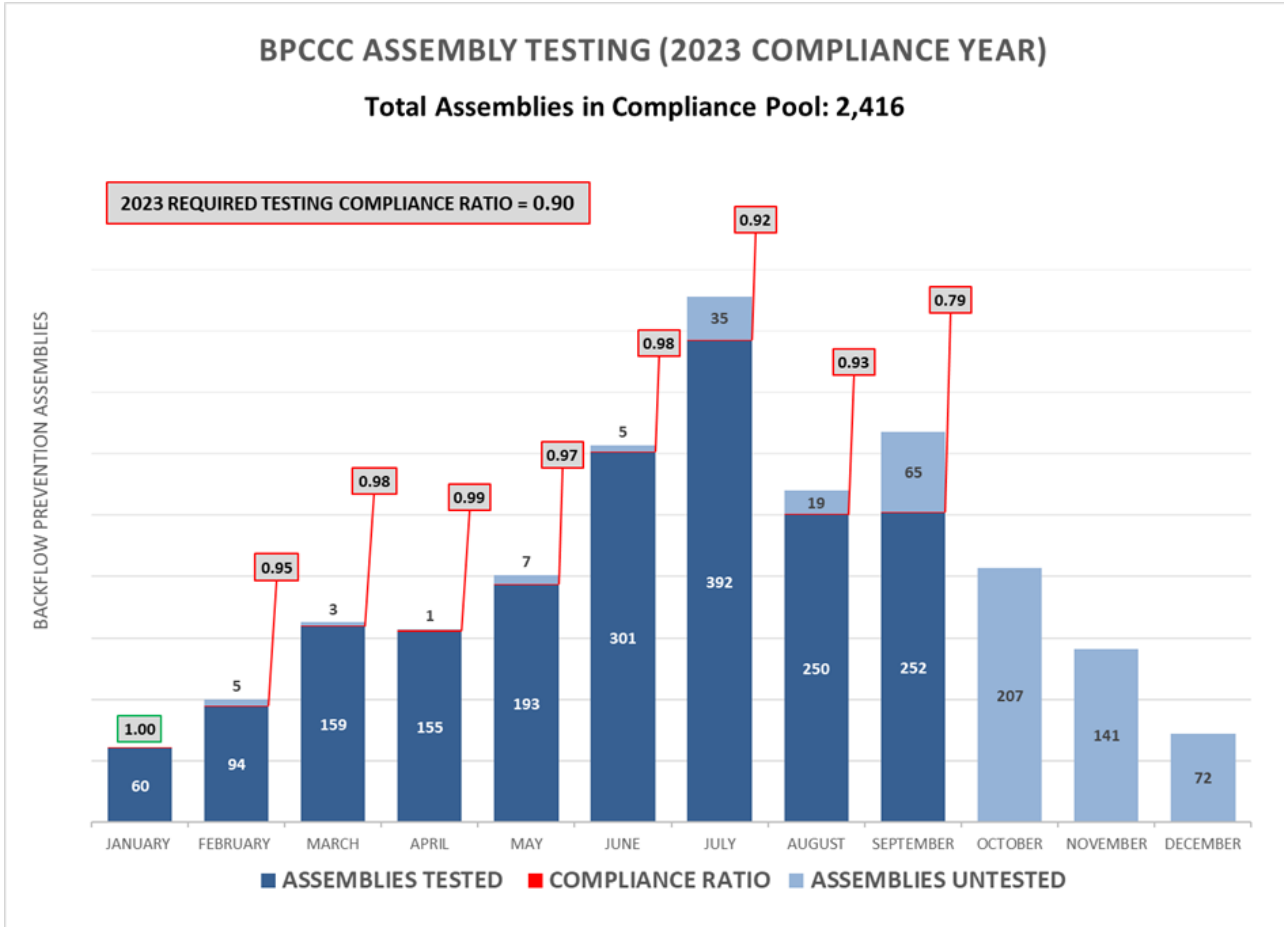
AMI SYSTEM STATUS	ERWSD	UERWA	TOTAL
(1) Total No. of Meters	3207	6856	10063
(2) No. of AMI Meters	3207	6220	9427
(3) System Percentage of AMI Meters	100%	91%	95%
Meters Remaining to Reach 100% AMI	0	636	636

Meter Services – Advanced Metering Infrastructure (AMI) Status (Updated 10-16-2023)

BPCCC Program

District staff participated in the CDPHE stakeholder process for updates to the BPCCC Rule, *Backflow Prevention and Cross Connection Control Rule Policy* (Policy 7), and the BPCCC annual reporting template. Two noteworthy policy updates were incorporated into the revisions. First, 120-day compliance extension requests can be self-administered by suppliers and no longer require CDPHE review and approval. Secondly, the timeline to test any assemblies not tested during the previous calendar was extended from 90 days to a full calendar year. The Division made these changes based on stakeholder input and are intended to allow greater compliance flexibility for water systems without adversely affecting public health protection goals.

The BPCCC team is on-track to be compliant with the assembly testing requirement by the Dec. 31 compliance deadline. A progress update is provided below.



ENGINEERING

Jeff Schneider

WATER PROJECTS

Avon Drinking Water Facility (ADWF) PLC Upgrades

Jenna Beirsto

General Project Scope: This project includes replacement of the programmable logic controllers (PLCs) at ADWF. Additionally, a new server room will be constructed within the facility. All existing programming and PLC logic will be reverse-engineered and updated to meet current District standards.

Project Update: ADWF was shut down on Oct. 9 to begin installation of the new PLCs. Crews finished demolition of PLCs #1 and #6 and replaced equipment in the remaining remote input/output (RIO) control terminals. Crews are currently working to route communication cables and terminate control wiring. Project commissioning and testing activities are scheduled to begin the week of Oct. 23. The ADWF facility is scheduled to be placed back into service on Nov 9.



PLC #1 installation

Fenno Wellhouse and Raw Water Conveyance

Carter Keller

General Project Scope: The project includes complete replacement of a treatment facility in Cordillera that treats water from seven groundwater wells. The previous facility did not meet electrical code, had safety concerns, and was generally at the end of its useful life. The new treatment facility was completed in 2022. The current focus of this project is to assess and rehabilitate the aging wells and raw water conveyance piping that serve the new facility.

Project Update: The inspection of Fenno Well F2 was completed, and the well is back online. The project team attempted to video-inspect Fenno Well F4 on Oct. 9, but a metal hose clamp was observed at 280 feet that prevented the camera from passing. The project team is currently developing a plan to remove the hose clamp and complete the well casing evaluation. The team is also continuing to work through an easement access/encroachment issue with Fenno Well F7.

Water Production and Treatment Masterplan

Jenna Beirsto

General Project Scope: The masterplan will be a wholistic look at all production and treatment facilities system-wide including treatment plants and wells. The goal is to identify future capital project priorities. The project will include a detailed condition assessment of existing assets and will evaluate treatment and production threats from climate change, low stream flows, wildfires, etc. The masterplan will be completed using in-house staff. The major work will begin at the end of 2023, after the end of the busy construction and operation seasons.

Project Update: The project team is continuing to gather information on existing plant equipment and operations. Pall, the membrane supplier for Edwards Water Treatment Facility (EDWF), was onsite in September to evaluate the condition of the membrane system. The findings from the evaluation will be incorporated into the master planning effort.

North Frontage Road Watermain Improvements

Kevin Nelson

General Project Scope: This project involves construction of approximately 700 linear feet of 10-inch diameter water main from the Residences at Main Gore (near the main Vail roundabout) to the culvert crossing at Middle Creek.

Project Update: Approximately 650 linear feet of 10-inch water main pipe and two new fire hydrants have been installed. All pavement disturbed during construction work has been restored. The project team encountered an unexpected complication with the final tie-in location because the existing water main is much deeper than expected (~20 feet). A new tie-in location has been identified within the Middle Creek Village complex, but the final construction work will be deferred until spring to allow the excavation to be safely coordinated and to minimize disruption to Middle Creek Village residents.

Wildridge BPS, PRV, and Tank Improvements

Carter Keller

General Project Scope: This project addresses high priority recommendations from the 2020 Distribution System Master Plan and involves improvements to the pumping, storage, and pressure regulating facilities in the Wildridge service area. The scope includes mechanical, electrical, structural, architectural, and electrical improvements at multiple sites, including installation of an on-site emergency generator at Wildridge Booster Pump Station 1.

Project Update: The construction team is currently working to install pump bypass connections that will be used when the existing booster pump stations are taken offline for rehabilitation.

Avon Drinking Water Facility (ADWF) Roof Replacement

General Project Scope: This project includes replacement of the ballasted and fully adhered sections of the roof at ADWF. The existing roof is over twenty years old and has developed several major leaks.

Project Update: Roofers have finished work on the largest ballasted roof. Crews are currently working to replace the last portions of the fully adhered membrane. Final flashing and detail work will begin soon. The project is on schedule and is expected to be completed by the end of October.



ADWF roof installation progress

WASTEWATER PROJECTS

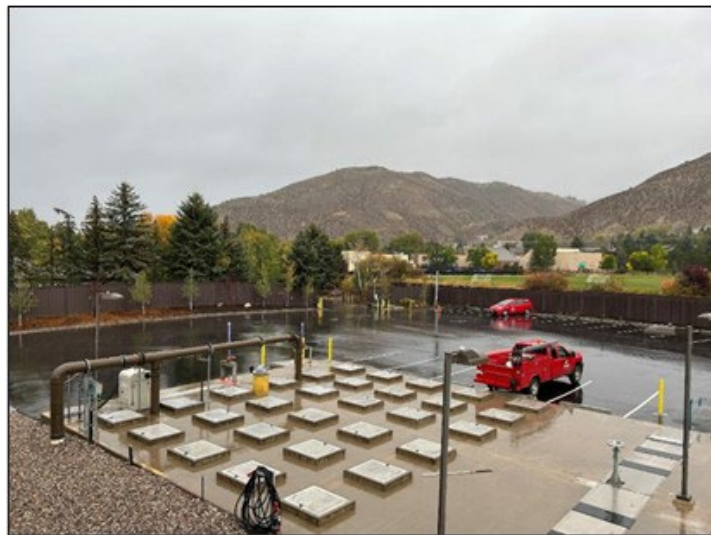
Avon Wastewater Treatment Facility (AWW) Nutrient Upgrades Jeff Schneider/Jenna Beairsto

General Project Scope: The AWW requires upgrades to meet Regulation 85, which requires a reduction of the concentrations of nitrogen and phosphorus in the effluent. The scope of this project includes: addition of 0.6 million gallons of aeration basin capacity, installation of a new secondary clarifier, structural modifications to the existing aeration basins to remove the existing double-tees and replace with a building structure, installation of a new odor control study and system, and other improvements throughout the facility. This project also includes improvements identified in a 2017 condition assessment in process areas throughout the facility.

Project Update: The project is complete except for some minor contractual and administrative closeout tasks. The contractor has fully demobilized. The final required construction certifications have been submitted to CDPHE and the site application process has been closed out. A final project team debrief meeting is scheduled on Nov. 1 to discuss and document the major lessons learned from the 5+ year project.



Final coating of HVAC and ductwork



Completed site photo (view looking northwest)



Completed site photo (view looking southeast)

Dowd Junction Collection System Improvements

Jenna Beairsto

General Project Scope: The project consists of four major infrastructure improvements: the aerial interceptor crossing at Dowd Junction; Lift Station 4, which conveys all of Minturn's wastewater; the aerial interceptor crossing at the Minturn Road bridge; and the force main downstream of Lift Station 4. The new infrastructure will be sized to accommodate future growth in the service area, most notably the Minturn area.

Project Update: Process, HVAC, and electrical work is ongoing inside the new lift station. Exterior siding and roofing work is also ongoing. Tile and window installations are scheduled to begin Oct. 16. The generator pad and secondary power conduit will be placed and installed the week of Oct. 16. Paving on the highway and on the re-routed trail around the lift station is scheduled to be completed on Oct. 20. A major intermediate project schedule milestone is set for Nov. 3, at which time all work will be completed other than building electrical service and installation of the natural gas-powered backup pump.



Siding installation at the lift station



Trail and traffic barrier installation

Avon Lab Improvements

Carter Keller

General Project Scope: The overall objective of this project is to install a new inductively coupled plasma mass spectrometer (ICP-MS) in the lab at the Avon Wastewater Facility. The new instrument will enable District staff to perform metals analyses in-house. Lab and architectural modifications will be completed, including installation of a new gas cabinet, duct chase, and fume hood. Additionally, the makeup air unit (MAU) that serves the lab and the HVAC system for the lab and lab offices will be replaced.

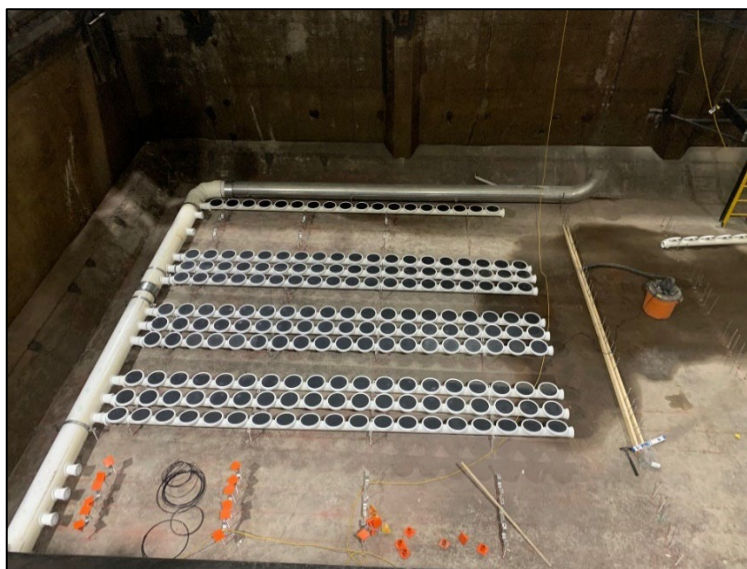
Project Update: The project team is working to finalize the makeup air unit (MAU) temperature settings for the lab space. All punchlist items have been completed and the contractor is currently submitting closeout documents for the project.

Vail Wastewater Treatment Facility (VWW) Master Plan Improvements

Mark Mantua

General Project Scope: A condition assessment of the VWW was conducted as part of the 2017 wastewater masterplan. The assessment identified several critical upgrades that are required to keep the facility in reliable and operable condition. The scope of this project includes installation of a new, larger diesel generator, structural repairs in the aeration basin, equalization, and clarifier rooms, replacement of the aging ultraviolet (UV) system, and construction and installation of an external facility bypass.

Project Update: Demolition of Aeration Basin #4 is complete, and installation of the new aeration diffusers is underway. The new slide gate, actuator and interior components of the flow control vault are currently being installed. Waterproofing and drain installation is complete in the front plaza and concrete replacement will begin in late October. Installation of the electrical ductbank is complete in the lower parking lot. The new UV channel concrete was formed and poured. Installation of the new bar screen is expected to begin in late October.



New aeration diffusers in Aeration Basin #4



Front plaza waterproofing

Wastewater Master Plan

Madeleine Harris

General Project Scope: This Master Plan update builds on the 2017 master planning effort by evaluating and updating previous flow and load projections, current and future plant performance, biosolids, and will inform the scope and scale of the design for the upcoming Edwards Wastewater Treatment Facility (EWW) Nutrient Upgrades Project, which will be required to meet upcoming Regulation 85 nitrogen and phosphorous nutrient limits, as well as provide additional volume to meet existing rated capacity.

Project Update: The project team is currently focusing on long-term biosolids planning and is evaluating potential improvement needs at the Biosolids Containment Facility. The District's internal team is reviewing draft chapters of the master plan final report.

Gore Valley Trail Repair

Mark Mantua

General Project Scope: The Town of Vail operates and maintains the Gore Valley Trail (GVT) from Dowd Junction to East Vail. The District owns and maintains an 18-inch sanitary sewer interceptor main that is located beneath the GVT near Dowd Junction. In many areas, the GVT is supported by a vertical retaining wall with steep embankment slopes down to Gore Creek. In 2010, Gore Creek experienced high streamflow, which resulted in embankment erosion that exposed the District's sanitary sewer main. Temporary repairs have previously been attempted, including rebuilding and grouting the retaining wall. However, in 2019 high stream flow in Gore Creek once again caused subsidence in the gravel shoulder of the GVT. This project involves streambank and channel improvements to permanently restabilize the embankments.

Project Update: The contractor installed new boulders and concrete to stabilize the streambank and create a new energy-dissipating drop pool structure. Army Corps of Engineer regulations require all instream work to be completed within a brief fall window that closes on Oct. 20. The

contractor completed approximately 50-percent of the instream work this season and will remobilize and complete the remainder of the work next fall.



Filter fabric installation on the streambank



MEMORANDUM

TO: Boards of Directors

FROM: Siri Roman, General Manager
Brad Zachman, Director of Operations

DATE: Oct. 19, 2023

RE: Denial of Town of Eagle's Request for Reconsideration of Regulation 93

On May 8, the Water Quality Control Commission (WQCC) held a rulemaking hearing to review Regulation 93, Colorado's Section 303(d) List of Impaired Waters and Monitoring and Evaluation List. At this hearing, the WQCC supported the Water Quality Control Division's (WQCD) proposal and added Eagle River Segment 9c to the 303(d) list as impaired for temperature. Segment 9c is the mainstem of the Eagle River from a point immediately below the confluence with Rube Creek (Wolcott) to the confluence with the Colorado River.

On Sept. 26, the town of Eagle requested that the WQCC reconsider the listing based on the WQCD's new interpretation of the temperature criteria. District staff and our consultants supported the town of Eagle in both the rulemaking hearing and the reconsideration request (see attached letter). Our data shows that drought, low flows, warm days, elevation drops, and changing seasons directly impact water temperatures. Temperature standards should be developed that are biologically protective while also recognizing that natural environmental factors can and will cause exceedances.

The WQCC denied the town of Eagle's request. District staff will continue to participate in workgroups and work with stakeholders to develop standards that are biologically protective and consider the 20+ year drought that we are experiencing.

Attachments:

- CDPHE Order regarding town of Eagle's Request for Reconsideration
- ERWSD Letter of Support for town of Eagle's Request for Reconsideration

WATER QUALITY CONTROL COMMISSION
COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

ORDER REGARDING THE TOWN OF EAGLE'S REQUEST FOR RECONSIDERATION AND
AMENDMENT OF REGULATION 93

IN THE MATTER CONCERNING THE ADOPTION OF REVISIONS TO COLORADO'S SECTION
303(D) LIST OF IMPAIRED WATERS AND MONIOTRING AND EVALUATION LIST,
REGULATION #93 (5 CCR 1002-93)

On September 26, 2023, the Town of Eagle submitted a Request for Reconsideration of Regulation 93, specifically adding Eagle River Segment 9c (COUCEA09c) to the state's 303(d) list as impaired for temperature and associated Statement of Basis and Purpose language. Pursuant to C.R.S. 25-8-403, the Water Quality Control Commission made a determination via email on October 6, 2023.

The Town of Eagle's Request for Reconsideration of Regulation 93, is **denied** per a vote of 5 to 1, with 3 abstentions due to absences at the May rulemaking hearing.

This determination will be confirmed at the Commission's next meeting on October 10, 2023.

DONE and ORDERED this 6th day of October 2023.

Water Quality Control Commission



Mike Weber, Chair



Oct. 3, 2023

transmitted via email

Jojo La, Administrator
Colorado Environmental Boards and Commissions
Colorado Department of Public Health and Environment
4300 Cherry Creek Drive South
Denver, CO 80246

Re: Town of Eagle's Request for Reconsideration
Water Quality Control Commission – Regulation 93 Rulemaking Hearing

Dear Water Quality Control Commission,

Please accept this letter of support for the Town of Eagle's Request for Reconsideration of the 303(d) Listing for temperature on Eagle River Segment 9c. Eagle River Water & Sanitation District (ERWSD) has studied water temperature in the Eagle River basin since 2007. Our research indicates that although the Commission sets temperature standards to protect the most sensitive species that might occur, there will be times when those temperatures cannot naturally be achieved. The Commission has always understood this fact. Low flows, warm days, and changing seasons directly impact water temperatures. Drought conditions in our watershed further impact stream temperatures. In addition, our streams drop more than 5,000 feet in elevation while keeping the same temperature classification.

Accordingly, we have directed our counsel and expert consultants to work with stakeholders and the Division to develop temperature standards that are biologically protective while also recognizing that natural environmental factors can and will cause exceedances. Meanwhile, ERWSD is implementing projects to enhance temperature and protect our trout fishery, including collaborating with the Town of Vail to plant more than 20,000 riparian trees and plants along Gore Creek, pioneering the use of heat recovery in our wastewater to heat public places while reducing effluent temperatures, and operating and investing in water supply infrastructure that allows us to improve river temperatures by augmenting flows during low flow periods.

When the Division first requested that Eagle River segment 9c be listed for temperature we thought it was a mistake. Having worked with the Division and others to develop the warming event methodology and having been involved in developing the regulatory language, it should be clear that minor deviations above the standard are not an exceedance if they are within the allowable warming event that is built into the standard. Thus, we were dismayed when the Division and CPW argued at the hearing that "the standard is the standard" and even 0.1 degree over the standard is an exceedance. This interpretation ignores the footnote to the standard that expressly states the opposite, the language of the warming event method itself, and the history of temperature standards in Colorado. Rather than apply the regulatory language as written, the Commission adopted the Division's position subject to Commissioner Waters dissent based on his concern that the new interpretation did not acknowledge the impact of drought and would result in nearly all stream segments being listed. Mr. Waters is correct and

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his comments echo previous Commissioner concerns regarding exceedances of water temperatures due to natural conditions.

History of Temperature Standards

“Due to ... the potential for natural systems to have temperatures exceeding numeric standards” the Commission in 2005 added a footnote to the Regulation 31 temperature standard stating it “shall not be considered an exceedance of the criteria” when elevated water temperatures are the result of certain air temperature and low flow excursion criteria. 5 CCR 1002-31, pp. 178-179. In 2009, the Commission added shoulder seasons to the same footnote, recognizing that shoulder season temperature excursions above the standard are not exceedances so long as the natural seasonal progression of temperature was maintained. 5 CCR 1002-31, p. 202. The basis for this “excursion” method continued to be recognized by the Commission over time. See 5 CCR 1002-31, p. 223 (2016 finding: “summer temperature standards are not attainable in every year in every segment where they have been adopted” and “[w]ater temperature in unimpacted streams is primarily governed by physical factors ...”).

At the direction of the Commission, a biological approach to temperature warming above the standard was developed in the 303(d) Listing Methodology (“LM”). The resulting “warming event” approach was defined as follows:

A “warming event” is defined as the maximum allowable extent of exceedances above the standard, defined in terms of degree-days. This concept integrates both the magnitude of temperatures above the standards as well as the duration (in days). **The stream is allowed to exceed standards for a specific number of degree-days.** However, if temperatures . . . exceed the number of ‘degree-days’ specified in Table 7, the entire segment, or the portion of the segment indicating nonattainment, will be placed on the 303(d) List as impaired for temperature.

LM, p. 29 (emphasis added); see *also* LM, p.30 (if the segment “does not exceed the ‘degree-days’ value in Table 7 then the segment is not considered impaired”). For cold-water streams, the “allowable degree-days for defining a temperature warming event” was set at 2.4 °C degree-days for the acute standard and 13.5 °C degree-days for the chronic standard. LM, pp. 29-30, Table 7. These degree-days were derived using a biological basis to protect the fisheries. *Id.* In other words, while excursions focused on the physical factors that cause temperatures to be naturally higher than the standard, the warming event imposed a biological limit on temperatures above the standard.

As set forth in ERWSD’s prehearing statements in this matter and as further expounded upon by the Town of Eagle, all parties were in apparent accord on the meaning of the above language when it was adopted. Although both the warming event and excursion methods were originally applied to assess stream compliance with the temperature standards, ERWSD supported the Division’s request in 2021 to replace excursions with the warming event recognizing that they largely accomplished the same thing and applying both might not be protective of trout.

Importantly, in replacing excursions with the warming event in 2021, the Commission modified the footnote to the temperature standards in Regulation 31 to read as follows:

The following shall not be considered an exceedance of the criteria: ...
 A 'warming event' is the maximum allowable extent of exceedances above the standard, in units of degree-days (°C-days). This concept integrates both the magnitude of temperature (°C) above the standard as well as the duration (in days) and represents the cumulative temperatures above which growth or lethal impacts to fisheries are expected. For all Cold Stream tiers the allowable degree days are 2.4 (acute) and 13.5 (chronic).

5 CCR 1002-31, pp. 51-52, Table I (Physical and Biological Parameters), FN. (5)(c). Thus, the criteria itself is clear that a warming event is not an exceedance. See *also*, 5 CCR 1002-31, p.264 ("Standards attainment ... allows for a short duration of temperature exceedance as defined by the biological warming event"). Moreover, in replacing excursions, the Commission found "the warming event and excursions are approximately equal in resulting in an assessment decision of impairment or attainment for a waterbody; therefore, deletion of the excursions is not likely to result in an increase in temperature 303(d) listings." 5 CCR 1002-31, p.247. This can only be true if the warming event is applied as written – so that warming above the standard less than the "allowable degree-days" is not an exceedance. If the warming event is interpreted so that even 0.1 degree above the standard is an unlawful exceedance, then there is no latitude for any natural warming as existed under the excursions and an increase in temperature 303(d) listings will result.

Conclusion

Most of us at ERWSD live in the valley to enjoy and recreate in the environment. We take our responsibility seriously and are proud that the gold medal trout status on Gore Creek starts at our wastewater outfall. We are in the process of implementing and spending more than \$200M in wastewater upgrades. But listing a stream for minor natural exceedances in temperature that may require new expensive cooling towers will not change the factors that cause natural warming and will not benefit the environment. Although there may be places in the state where cooling is needed, the stakeholders worked together to establish a reasonable, biological-based, warming event method that recognizes temperature variability due to natural causes and allows minor warming above the standard without being an exceedance. We think it was a mistake not to apply that regulatory language.

The Commission, Division, and wastewater providers each have a role in protecting our environment. We should be working together. The decision to list Eagle River Segment 9c for temperature was a step backwards. Utilities cannot cool an entire stream or river to reverse the consequences of drought and global warming. The Commission's decision effectively eliminates the intended latitude for naturally driven excursions above the stream standards that was always recognized and embraced by the Commission.

Western Colorado is experiencing a 20+ year drought, we can no longer look at quality and quantity separately, we must consider how the two issues impact each other and develop solutions accordingly. ERWSD has a history of developing creative, collaborative solutions that benefit instream water quality while considering feasibility, affordability, and community needs. We welcome the opportunity to continue to collaborate with CDPHE on finding creative solutions that benefit all of our stakeholders, aquatic life included.

At my request, Steve Bushong helped draft this letter on ERWSD's behalf to ensure we correctly cited the regulatory language that was adopted by the Commission with the assistance and input of ERWSD, Mr. Bushong, and ERWSD's consultants. Mr. Bushong and the ERWSD team are available to discuss these issues further with the Commission should it so desire.

Sincerely,

Siri Roman
General Manager

ec: Larry Pardee, Town of Eagle Manager
Steve Bushong, Bushong & Holleman PC
Caroline Byus, Pinyon Environmental, Inc



M E M O R A N D U M

TO: District and Authority Boards of Directors
FROM: Jason Cowles, P.E. and Justin Hildreth, P.E.
DATE: October 19, 2023
RE: Engineering & Water Resources Report

Development Report

The Cairns Townhomes Project, which was proposing to build 12 townhomes on a narrow lot adjacent to the Interfaith Chapel on Hwy 6 in Edwards, is no longer moving forward and the developer has requested a refund of their water rights dedication deposit. Accordingly, we have removed the project from the Authority Development Report.

At last month's Authority meeting, there was a request for an accounting of water supply availability. We are developing a spreadsheet model to track water supply availability with new water supply commitments, which will be included in the December meeting packet.

State Land Board Parcels

We have also added the Colorado State Land Board (SLB) project in Dowd Junction to the Development Report. The SLB is planning to submit a petition for 90 acres of property to be annexed into the Town of Avon. During the annexation process, which is expected to occur in Q1 of 2024, it is anticipated that the Town of Avon will also apply zoning to the property. The property is presently developed with approximately 60,000 square feet of commercial buildings that receive water service from individual wells and 15 mobile homes that receive water service from the Authority. The proposed zoning is anticipated to maintain the current commercial square footage and allow for the development of up to 700 new deed restricted residential units. The SLB is requesting water service for the 60,000 square feet of commercial development and the 685 net new residential units. Development of the project is likely to be phased over 20 years as the SLB will honor existing leases to commercial tenants. The first phase of the project, which will involve the construction of 96 apartments where mobile homes currently exist, is tentatively planned to break ground in late 2024. Future development phases will occur on the north side of the Eagle River and as properties along Hwy 6 are redeveloped after existing commercial leases expire. An informational presentation on the project from a recent work session with the SLB and the Eagle County Board of County Commissioners (BOCC) is attached.

During the work session Town of Avon, SLB, and County representatives discussed the possibility of utilizing the Eagle Park Reservoir water dedicated to the Authority by the County for affordable/workforce housing projects to meet the water dedication requirements of the project, which are currently estimated at approximately 15.48 acre-feet. The BOCC generally appeared to be in favor of this approach.

The SLB has also entered a contract with AE2S, the engineering firm that assisted with our water distribution master plan and hydraulic model development, who will utilize our hydraulic model to evaluate any water system improvements necessary to serve the project. It is not likely that improvements will be necessary to serve the first phase, but it is likely that off-site water main improvements in the Eagle-Vail area will be required when the project phases north of the Eagle River are developed. Wastewater generated by the project will be conveyed to the Avon WWTF by the Avon interceptor located on property along the south bank of the Eagle River.

Water Supply and Land Use Planning Work Session

Siri, Eric Heil, and I met with Jeff Schroll and Jill Klosterman of Eagle County on October 5 to discuss the Authority's limited water supply availability and land use priorities of the Town of Avon and Eagle County. The meeting was productive and highlighted the importance of prioritizing water for land use projects that meet current community priorities until additional sources of water supply are developed. A work session with Eagle County, Avon, and Authority representatives is planned for Wednesday, November 8 to further discuss water supply and land use planning in the Authority service area and how to achieve better coordination between the three entities.

Drought Management Plan

One of our goals for this year was to develop an updated Drought Management Plan for the District and Authority. We recently applied for a Colorado Water Plan grant from the Colorado Water Conservation Board and were awarded \$59,586 for the preparation of the plan. The contract with the CWCB is expected to be completed in the next couple of weeks, with the project slated to commence around November 1. To facilitate this process, a dedicated drought planning committee will be established by the end of this year, tasked with formulating the plan's objectives and operational principles. Moreover, we intend to establish an external stakeholder group, consisting of major water users, local government representatives, and other pertinent interest groups, to actively engage and solicit feedback from the community. This collaborative approach will ensure widespread community support for the finalized plan. Our timeline involves the preparation of a preliminary draft plan within approximately 6 months, followed by an extensive review process, leading to the final plan for approval within a year.

Attachments:

1. District and Authority New Development Report, October 2023
2. State Trust Land, Board of County Commissioners Work Session Presentation October 10, 2023

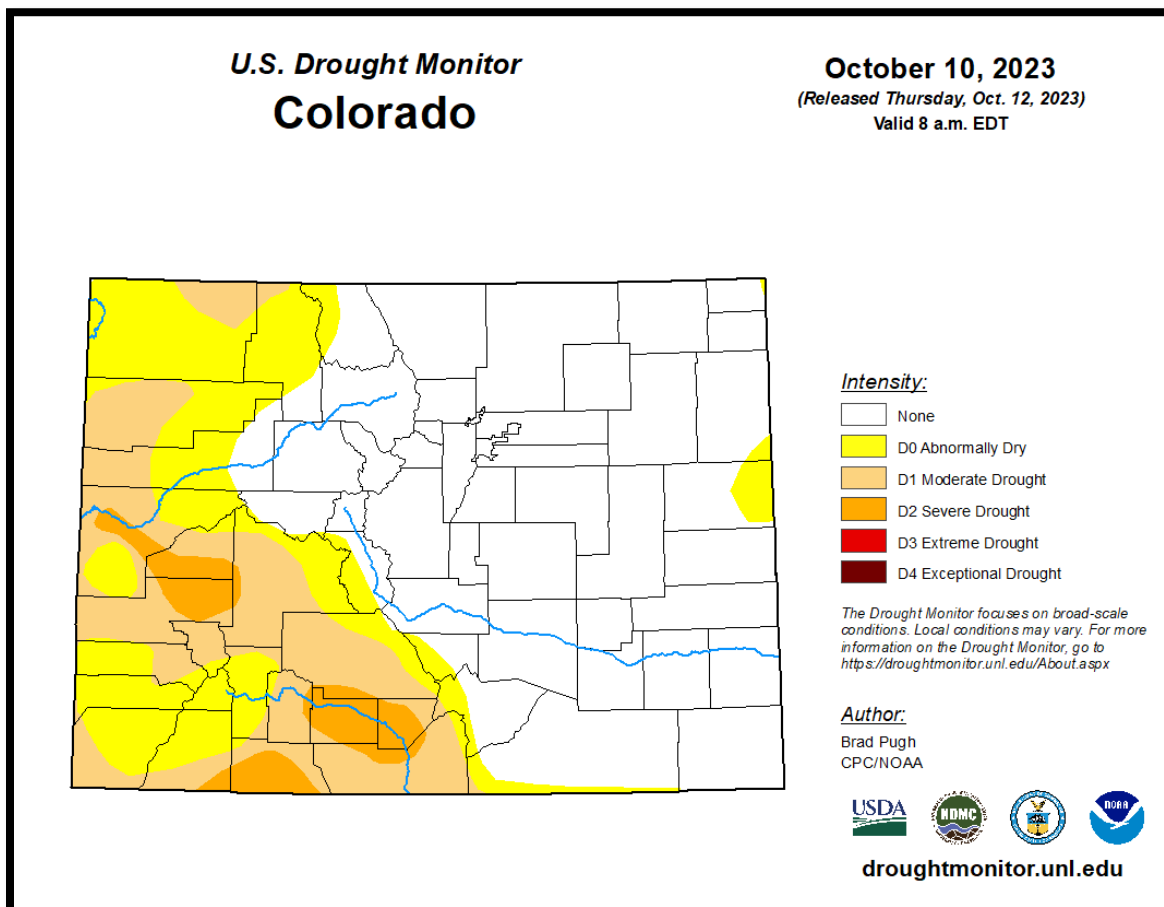
Water Resources Report

Justin Hildreth

Drought Conditions

October 10, 2023, U.S. Drought Monitor continues to categorize Eagle County along with eastern Colorado as not in a drought condition. The drought intensity for the southwest portion of the state remained moderate and severe and the northwestern portion of the state increased from normal to dry and moderate drought conditions.

Figure 1. U.S. Drought Monitor – Colorado. October 10, 2023 (National Drought Mitigation Center)



Temperature and Precipitation Forecasts

Figures 2 and 3 show the current National Weather Service 8-to-14-day temperature and precipitation outlooks. The 2-week outlook indicates that the temperatures will be leaning above normal. The 2-week outlook indicates precipitation is leaning above average. The seasonal 3-month temperature and precipitation outlooks, which are less accurate, indicate equal chances of above or below-average precipitation and temperature.

Figure 2: 8-14 Day Temperature Outlook - October 15, 2023 (NOAA Climate Prediction Center)

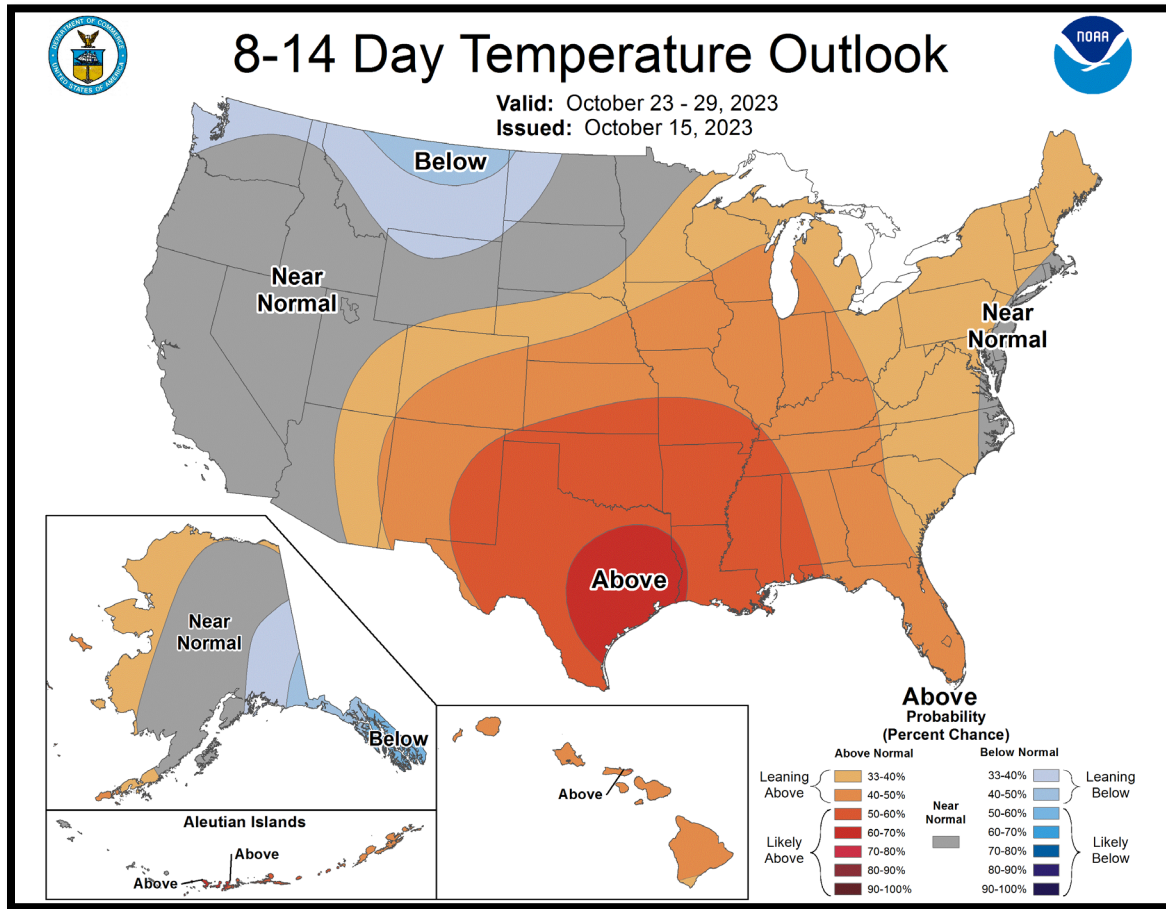
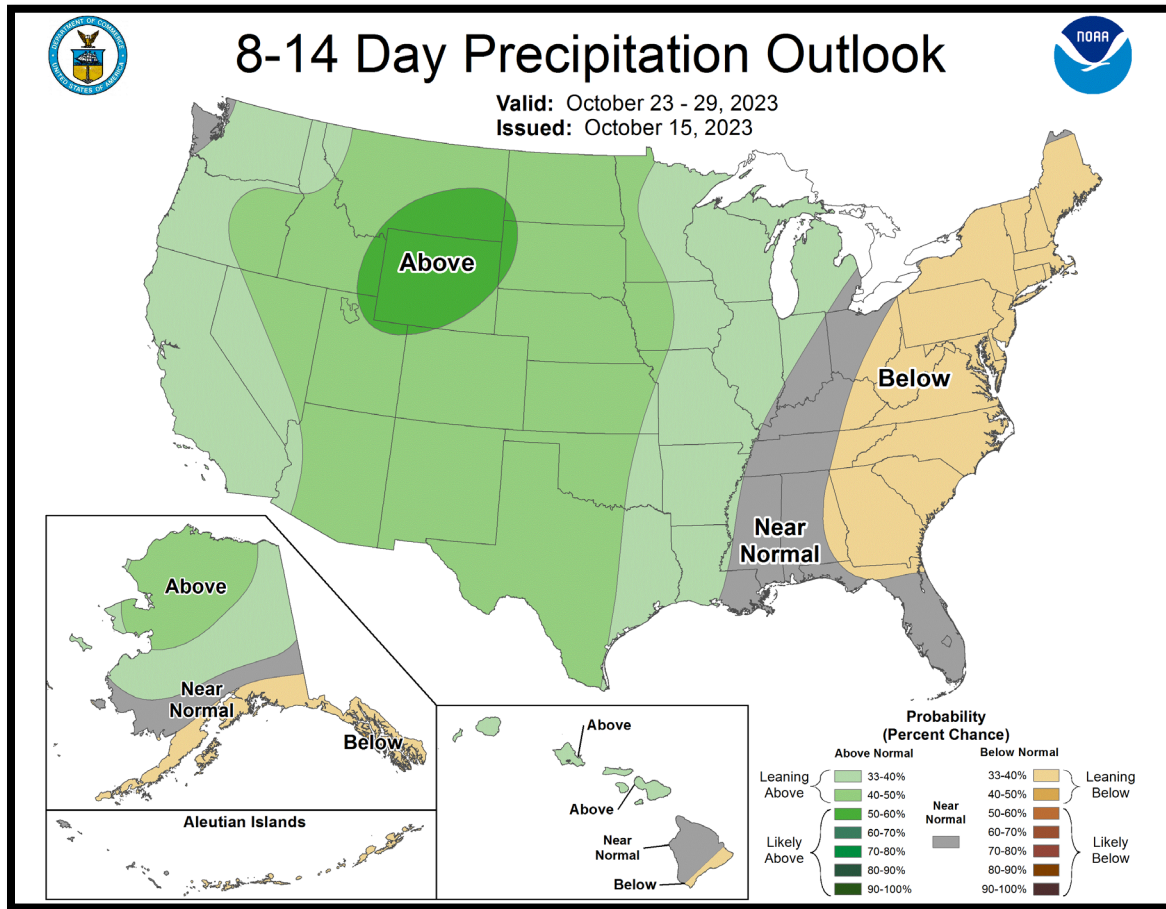


Figure 3: 8-14 Day Precipitation Outlook - October 15, 2023 (NOAA Climate Prediction Center)



Precipitation Conditions

Figures 4 and 5 show the cumulative water year-to-date precipitation, which starts on October 1, at Vail Mountain and Fremont Pass respectively. As of October 16, 2023, Vail Mountain has 1.8” of accumulated precipitation for the water year, 0.3” above the median. Fremont Pass has 1.1” of accumulated precipitation for the water year, matching the median. The accumulated precipitation is mostly from the storm on October 11th and 12th.

Figure 4: Accumulated Precipitation at Vail Mountain SNOTEL station, October 16, 2023 (USDA)

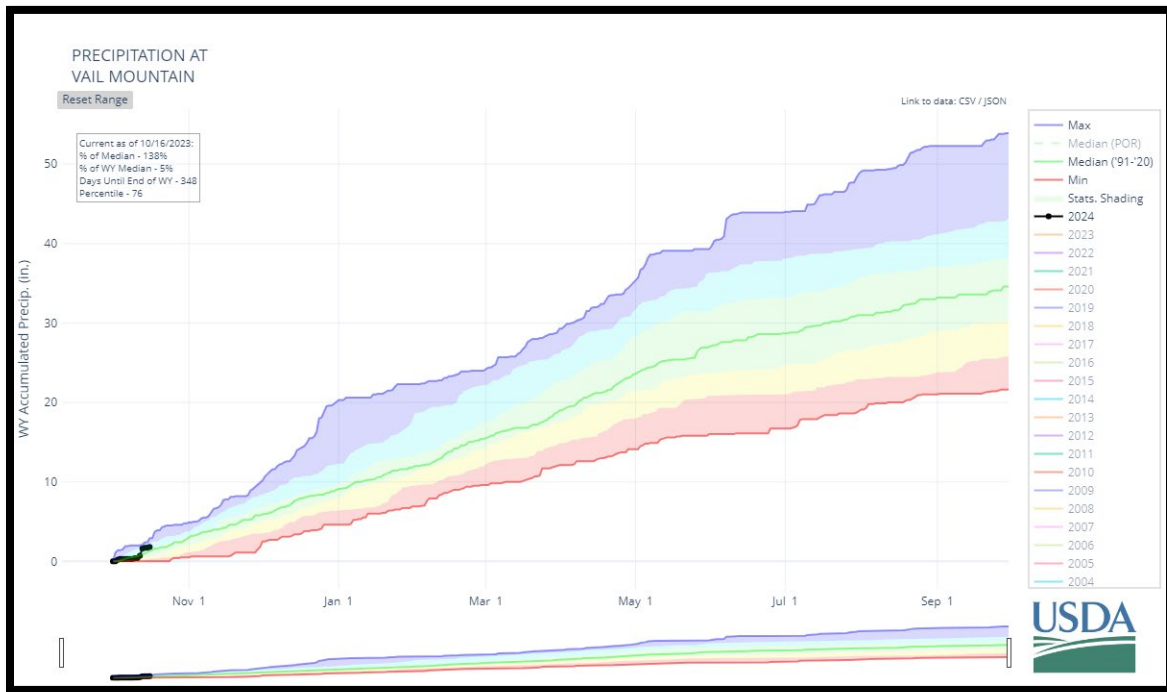
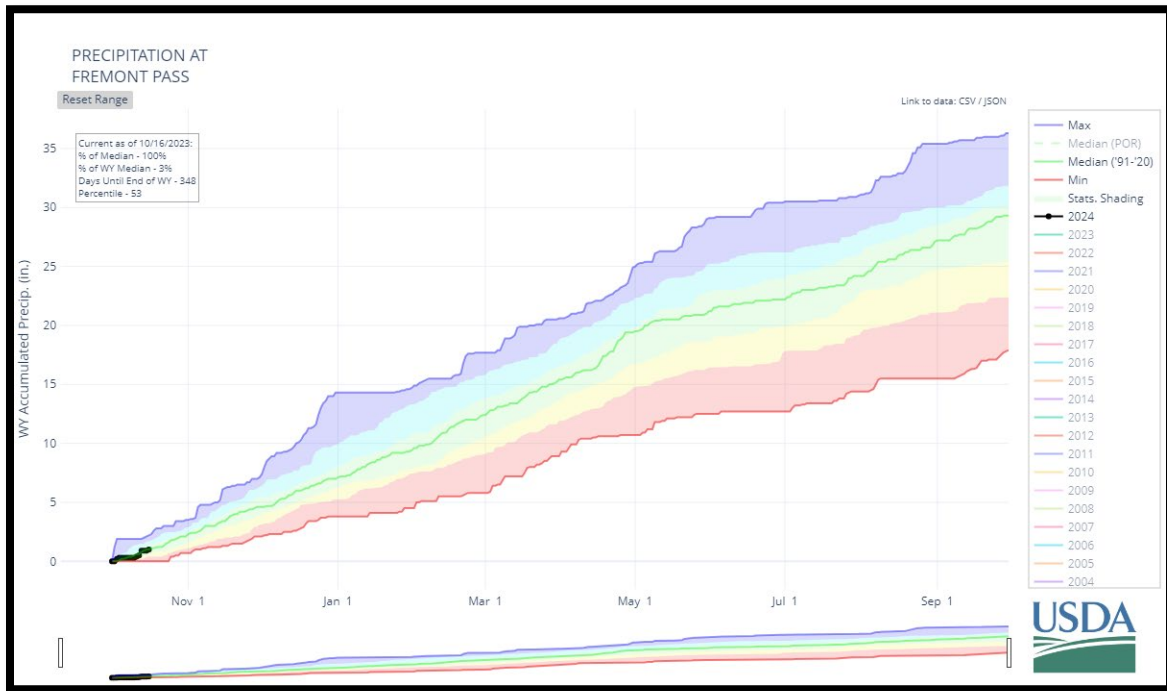


Figure 5: Accumulated Precipitation at Fremont Pass SNOTEL station, October 16, 2023 (USDA)



Streamflow

Figures 6 and 7 depict hydrographs from the National Weather Service's Colorado Basin River Forecast Center. The State of Colorado streamflow forecasts indicate seasonal low flows with fluctuations due to snowmelt. These hydrographs represent Gore Creek above Red Sandstone Creek, and Eagle River at Avon USGS gages. Currently, Gore Creek above Red Sandstone is flowing at 25cfs, slightly above the median of 24cfs and comfortably exceeding the Colorado Water Conservation Board (CWCB) minimum instream flow water right of 16cfs for October. Meanwhile, the flow at the Eagle River Avon station stands at 83cfs, below the median of 94cfs and well above the CWCB minimum in-stream flow water right of 35cfs.

Figure 6: October 16, 2023, Gore Creek above Red Sandstone Creek Forecast Hydrograph, National Weather Service.

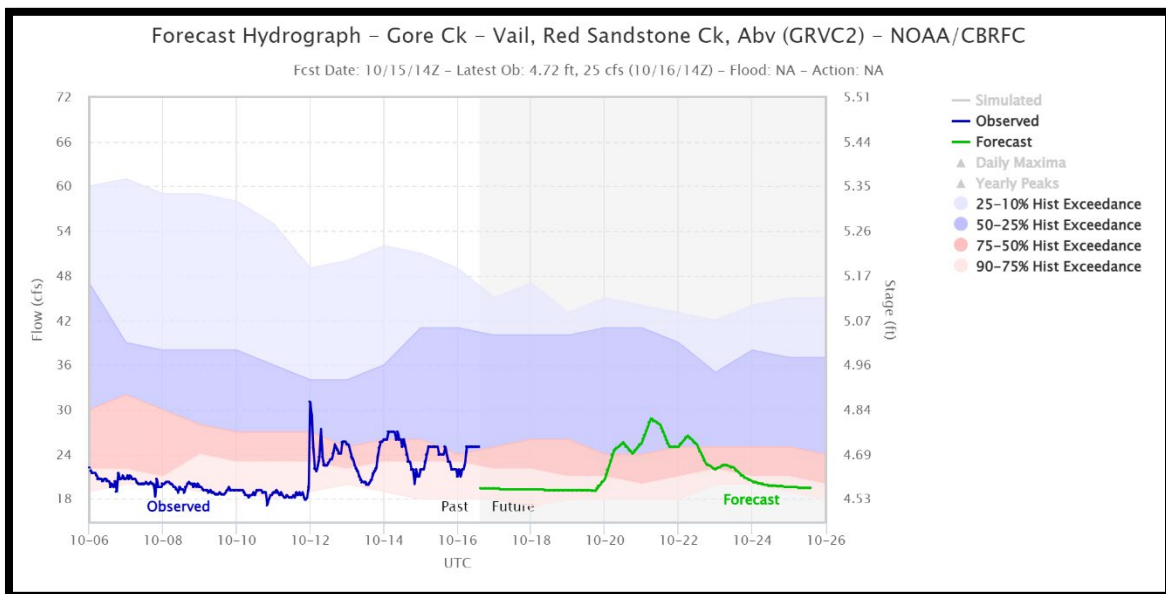
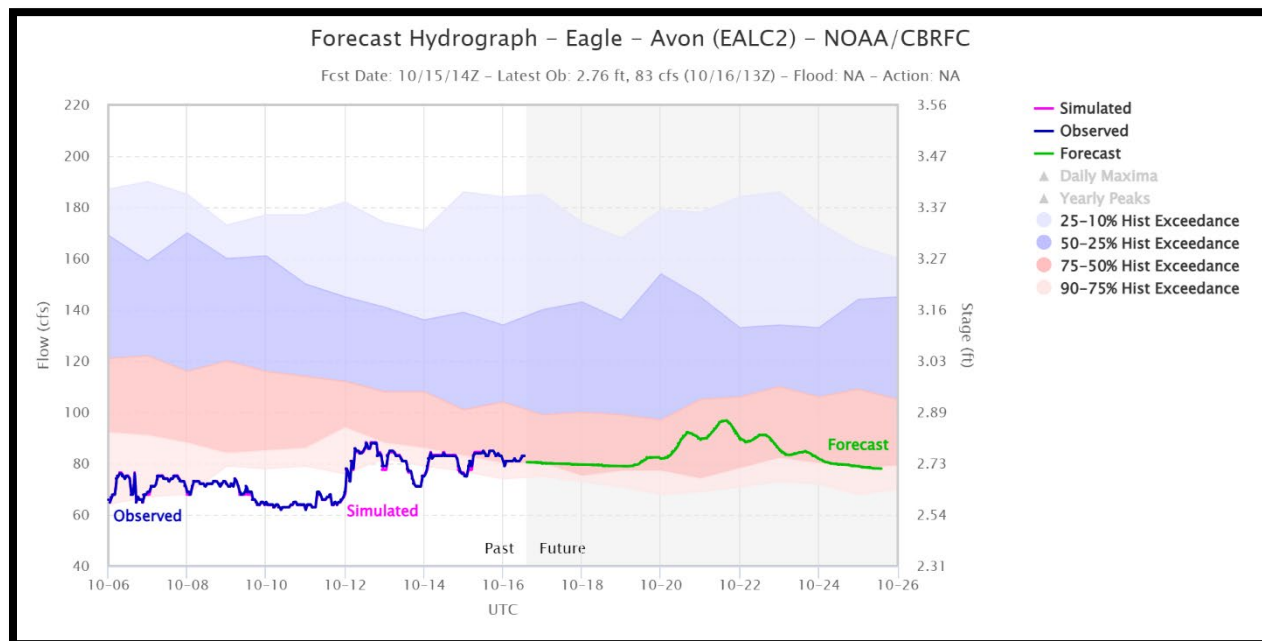


Figure 7: October 16, 2023, Eagle River at Avon Forecast Hydrograph, National Weather Service.



Reservoir Volumes

Table 1 summarizes the reservoir storage accounts and demonstrates that the reservoir storage accounts are nearly full and expected to meet the District’s and Authority’s needs for 2023-2024. Eagle Park reservoir is not currently releasing because there are no calls from the Cameo or Shoshone Power Plant and Gore Creek and Eagle River are above minimum stream flows.

Table 1: District and Authority storage accounts for October 1, 2023 (Helton and Williamsen).

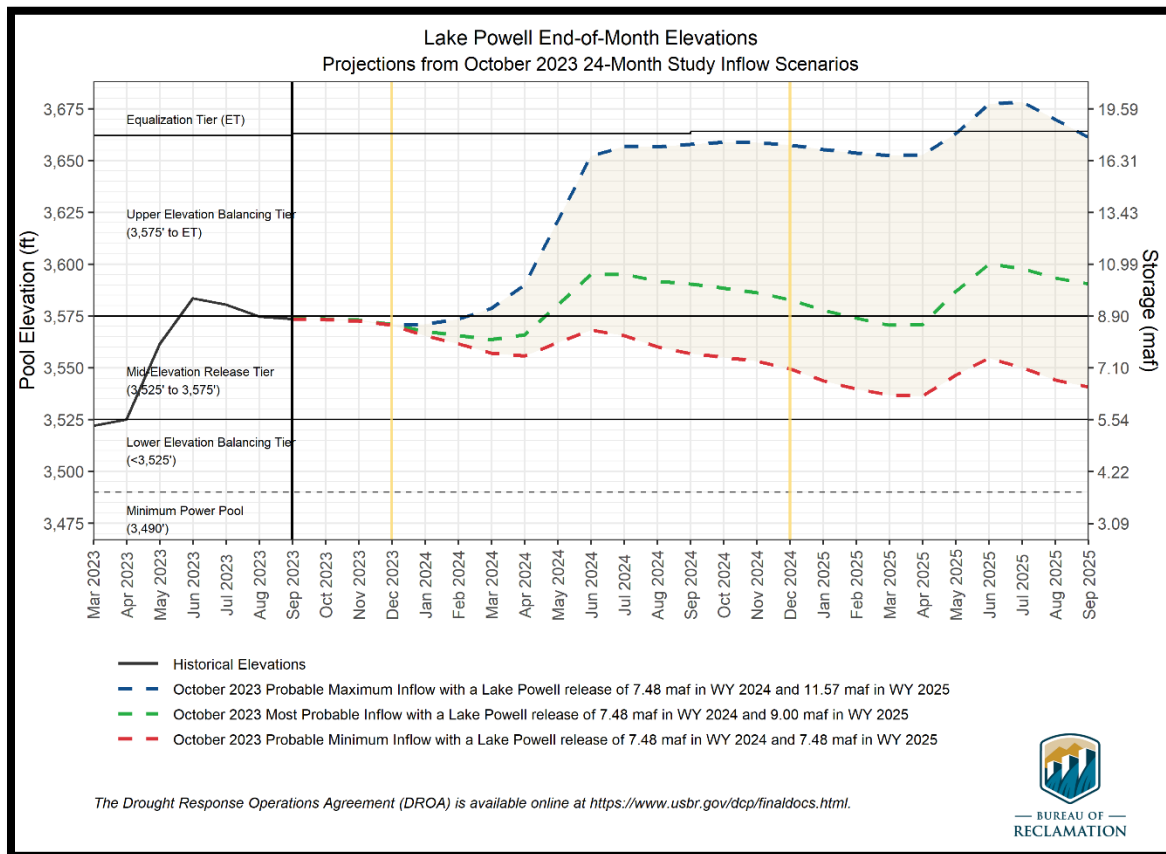
October 1, 2023 Volumes in Storage (acre-feet) and Percentages of Full:						
Reservoir	ERWSD		UERWA		Total	
Green Mountain	934	100%	475	87%	1409	95%
Black Lakes	425	100%	300	100%	425	100%
Eagle Park	432.36	100%	648.86	100%	1080.22	97%
Homestake Res	250	100%	256.50	100%	506.50	100%
Wolford Mtn	500	100%	710.80	100%	1210.80	100%

*Homestake Year is currently set as July 1 to June 30.

Lake Powell

The US Bureau of Reclamation (USBR) October 24-Month Study elevation projections for Lake Powell are shown below in Figure 8. The Lake Powell levels are 50-FT higher than a year ago and USBR projects them to be 10-FT higher in October 2024. Lake Powell storage is 8.7 million acre-feet, 36% of capacity, 60% of the median, and 149% of last year.

Figure 8: USBR October 2023 24-Month Study Elevation Projections for Lake Powell





UERWA New Development Report, October 2023

Project Location	Type of Use	Water Source	SFEs Proposed	Augmentation Requirement (acre-feet)	Application Initiation Date	Development Approval Process Step:	Construction Approval Process Step:	
Projects undergoing Water Rights Dedication								
State Land Board Parcels Avon	Mixed	Unallocated	700 + 60,000 SF Com	12.9	August 7, 2023	2. Water Analysis	0. Conceptual	
Eagle River Presbyterian Church Housing Unincorporated ECO	Residential	Unallocated	2	0.17	June 20, 2023	2. Water Analysis	1. Plan Review	
Cairn's Townhomes Edwards	Residential	Unallocated	12	1.16	May 22, 2023	Withdrawn	Withdrawn	
Margaux PUD Edwards	Residential	Unallocated	32	3.56	October 11, 2021	3. Cond. Capacity Expires October 9, 2023	0. Conceptual	
Edwards River Park PUD Edwards	Mixed	Unallocated	440 + Com	70.2	December 2, 2016	3. Cond. Capacity Expire December 31, 2023	0. Conceptual	
Projects not requiring or that have completed Water Rights Dedication								
Vail Valley Foundation Childcare Center Traer Creek	Mixed	Traer Creek Water Service Agreement	TBD		October 13, 2023	1. Connection Application	0. Conceptual	
Slopeside Housing Avon	Residential	TBD	TBD		October 5, 2023	1. Connection Application	0. Conceptual	
Eagle County - Freedom Park Project Edwards	Mixed	Berry Creek Allocated Water Rights	20 + Com	3.28	June 7, 2023	2. Water Analysis	1. Plan Review	
140 W BC BULD Hotel Avon	Residential	Avon SFE Guarantee	79		May 16, 2023	N/A	1. Plan Review	
Tract Y - Metcalf Road Avon	Residential	Avon SFE Guarantee	53		February 16, 2023	5. Ability to Serve Letter	2. Plan Approval	
CMC Student Housing (Phase I & II) Berry Creek	Residential	Berry Creek Allocated Water Rights	72		February 16, 2022	5. Ability to Serve Letter	4. Final Acceptance	
Avon Dual Brand Hotel Traer Creek - Tract J	Commercial	Traer Creek Water Service Agreement	85.05		February 4, 2022	5. Ability to Serve Letter	3. Under Construction	
ECO School District Housing Berry Creek	Residential	Berry Creek Allocated Water Rights	37		August 12, 2021	5. Ability to Serve Letter	3. Under Construction	
McGrady Acres Avon	Residential	Avon SFE Guarantee	24		August 5, 2021	5. Ability to Serve Letter	3. Under Construction	
Riverfront Lot 1 Avon	Residential	Avon SFE Guarantee	53		December 22, 2020	N/A	3. Under Construction	
Maverik Gas Station Traer Creek	Commercial	Traer Creek Water Service Agreement	2.6		November 11, 2020	5. Ability to Serve Letter	4. Final Acceptance	
NorthStar PUD Amendment Edwards	Commercial	Unallocated	TBD	3.7	November 3, 2020	5. Ability to Serve Letter	3. Under Construction	
West End PUD Amendment Edwards	Residential	Unallocated	275	34.25	February 27, 2019	3. Cond. Capacity Expires August 12, 2023	1. Plan Review	
Frontgate (CO World Resorts) Avon	Mixed	Unallocated	84	2.6	December 12, 2017	5. Ability to Serve Letter	3. Under Construction	
Fox Hollow Amended PUD Edwards	Mixed	Unallocated	108	14	February 28, 2017	5. Ability to Serve Letter	3. Under Construction	
Projects Completing Construction Warranty Period								
185 Elk Tract, Piedmont Apartments, Riverfront Village, Stillwater								
Development Approval Process Steps:	1. Connection Application			2. Water Demand Worksheet Analysis	3. Conditional Capacity to Serve Letter	4. Water Rights Allocation & Service Agreement		5. Ability to Serve Letter
Construction Approval Process Steps:	0. Conceptual			1. Plan Review	2. Plan Approval	3. Under Construction		4. Final Acceptance



ERWSD New Development Report, October 2023

Project Location	Type of Use	SFEs Proposed	Additional Water Rights Required	Application Initiation Date	Development Approval Process Step:	Construction Approval Process Step:
Timber Ridge II Redevelopment	Residential	289	2.2	July 25, 2023	2. Water Analysis	1. Plan Review
Maloit Park ECO School District Housing Minturn	Residential	138		July 21, 2023	N/A	0. Conceptual
Midtown Village PUD Minturn	Mixed	42 + Com		October 13, 2022	N/A	1. Plan Review
North Minturn PUD Minturn	Residential	36		October 10, 2022	N/A	0. Conceptual
Middle Creek Lot 4,5 Vail	Mixed	64	0.72	June 28, 2022	0. Conceptual	0. Conceptual
Wolcott PUD Wolcott	Mixed	360 + Com		May 11, 2022	0. Conceptual	0. Conceptual
The Residences at Main Vail Vail	Residential	72	0.81	February 11, 2021	5. Ability to Serve Letter	4. Final Acceptance
Belden Place (1200 Block Main St) Minturn	Residential	41		December 23, 2020	N/A	2. Plan Approval
Highline (Double Tree Expansion) Vail	Residential	43.65	0.79	July 11, 2019	5. Ability to Serve Letter	2. Plan Approval
500 E Lionshead Circle - Legacy Vail	Residential	20	0.29	August 29, 2018	4. Water Rights Allocation & Service Agreement	3. Under Construction
Alura (Miradoro) Vail	Residential	10	0.405	May 29, 2018	4. Water Rights Allocation & Service Agreement	3. Under Construction
534 E Lionshead Circle - Elevation Vail	Residential	12	0.31	May 14, 2018	1. Connection Application	0. Conceptual
Booth Heights East Vail	Residential	TBD	TBD	August 23, 2017	1. Connection Application	0. Conceptual
Projects Completing Warranty Period						
3010 Basingdale (Phase II), 841/851 Main St Minturn, Red Sandstone Parking Garage, VVMC Phase II-East Wing, Vail Marriot Residence Inn						
Development Approval Process Steps:	1. Connection Application	2. Water Demand Worksheet Analysis	3. Conditional Capacity to Serve Letter	4. Water Rights Allocation & Service Agreement	5. Ability to Serve Letter	
Construction Approval Process Steps:	0. Conceptual	1. Plan Review	2. Plan Approval	3. Under Construction	4. Final Acceptance	

State Trust Land

Board of County Commissioners Work Session

October 10, 2023



COLORADO
State Land Board

1. Introduction
2. Colorado State Land Board
3. Project Overview
 - Context, Site Character, Constraints and Opportunities
 - Conceptual Project Plan, Zoning, and Phasing
 - Annexation Timeline
4. Eagle County Presentation
 - Eagle Park Reservoir Agreement
 - Affordability Criteria
 - State Land Board Request
5. Questions and Discussion



\$2B FOR SCHOOLS



■ MISSION

The State Land Board manages an endowment of assets held in perpetual, intergenerational public trusts for the financial support of Colorado's public schools and other public institutions.

Generate reasonable and consistent income over time.

Protect and enhance the long-term productivity and sound stewardship of working trust lands.



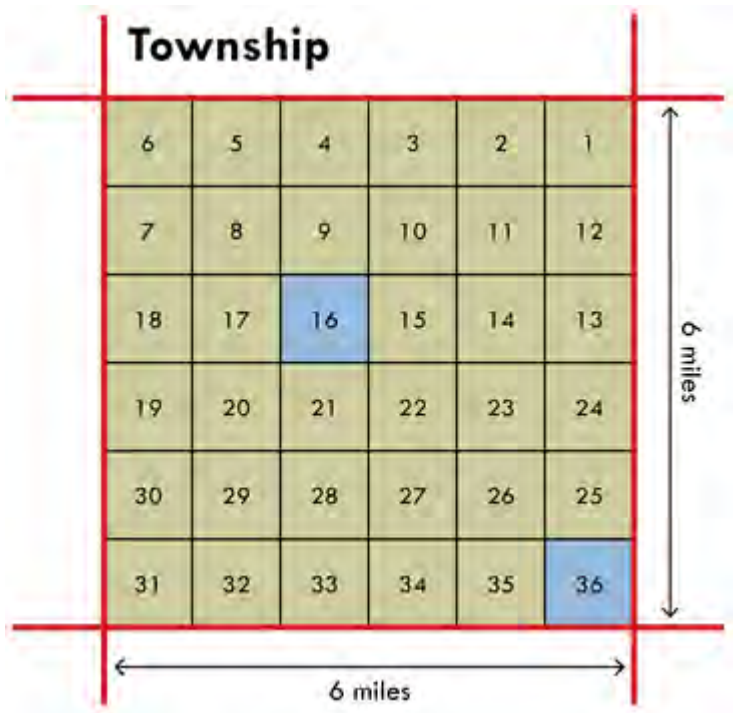
■ VISION

Make possible capital funding for the modernization of all Colorado public schools.

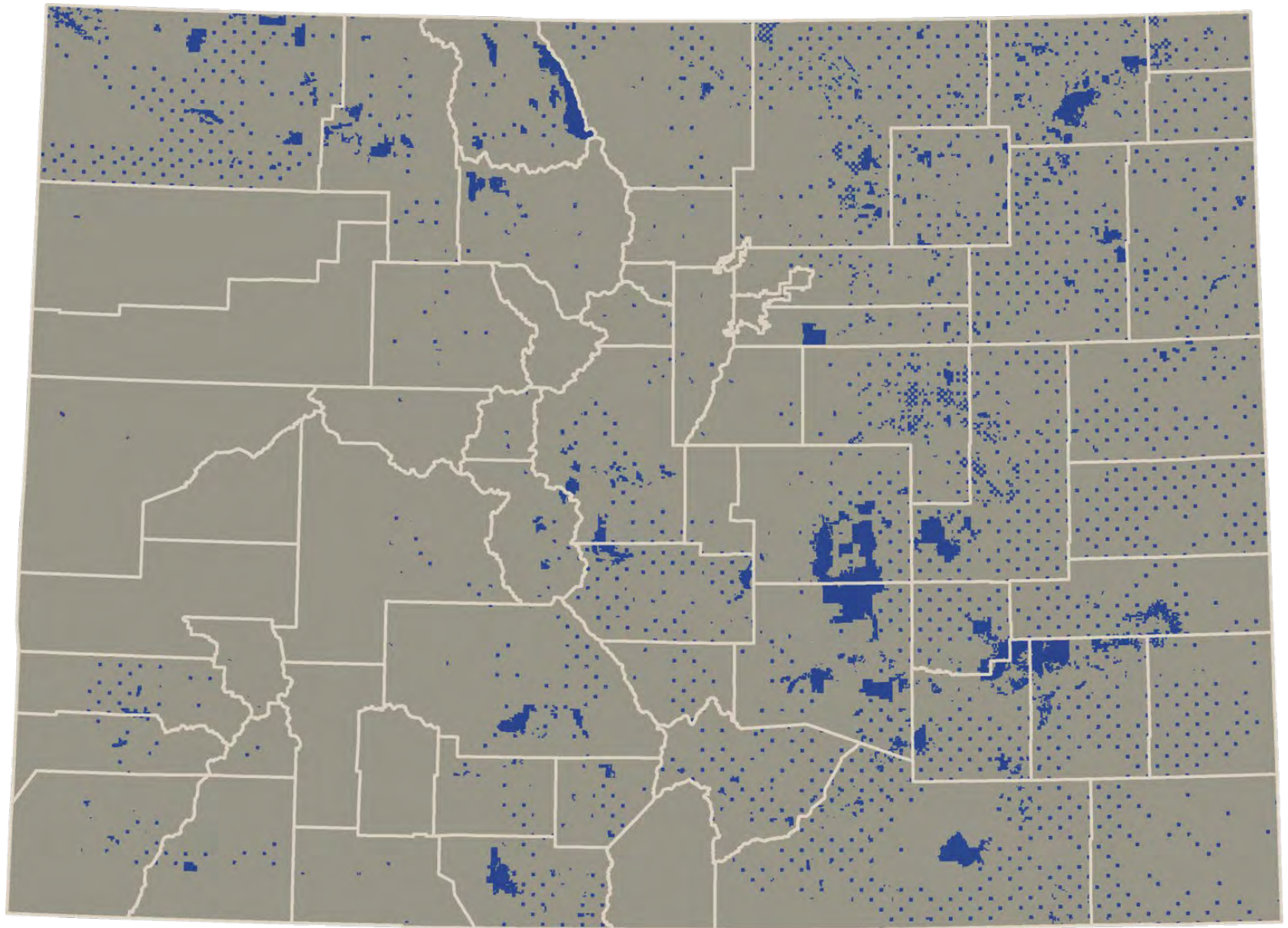


COLORADO
State Land Board

The Colorado Enabling Act (1875): “sections 16 and 36 ... are hereby granted to said state for the support of common schools.”



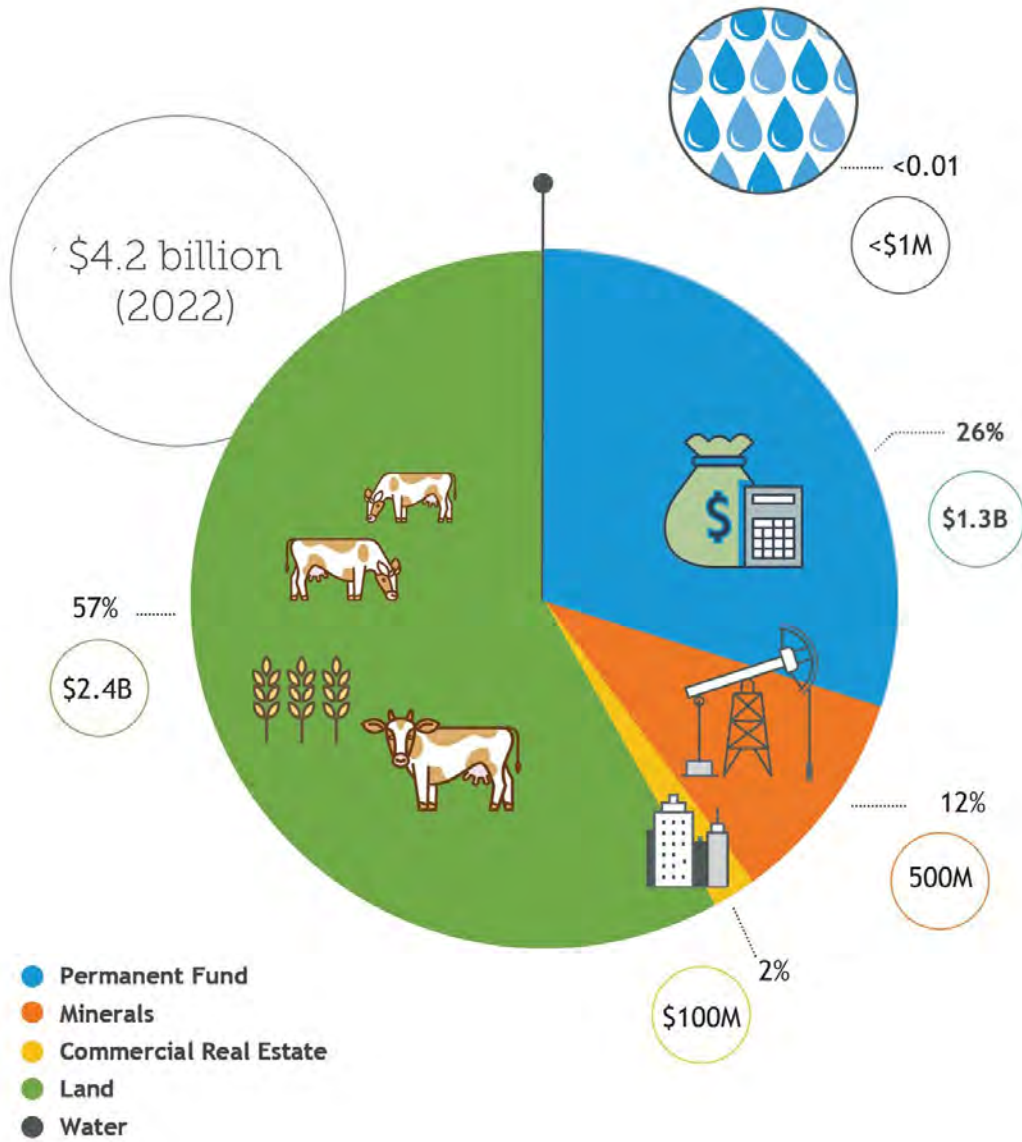
~1900 schoolhouse
Gilpin, CO



2.8 MILLION ACRES



COLORADO
State Land Board



TOTAL TRUST VALUE





LEASING PROGRAMS



COLORADO
State Land Board



AFFORDABLE HOUSING



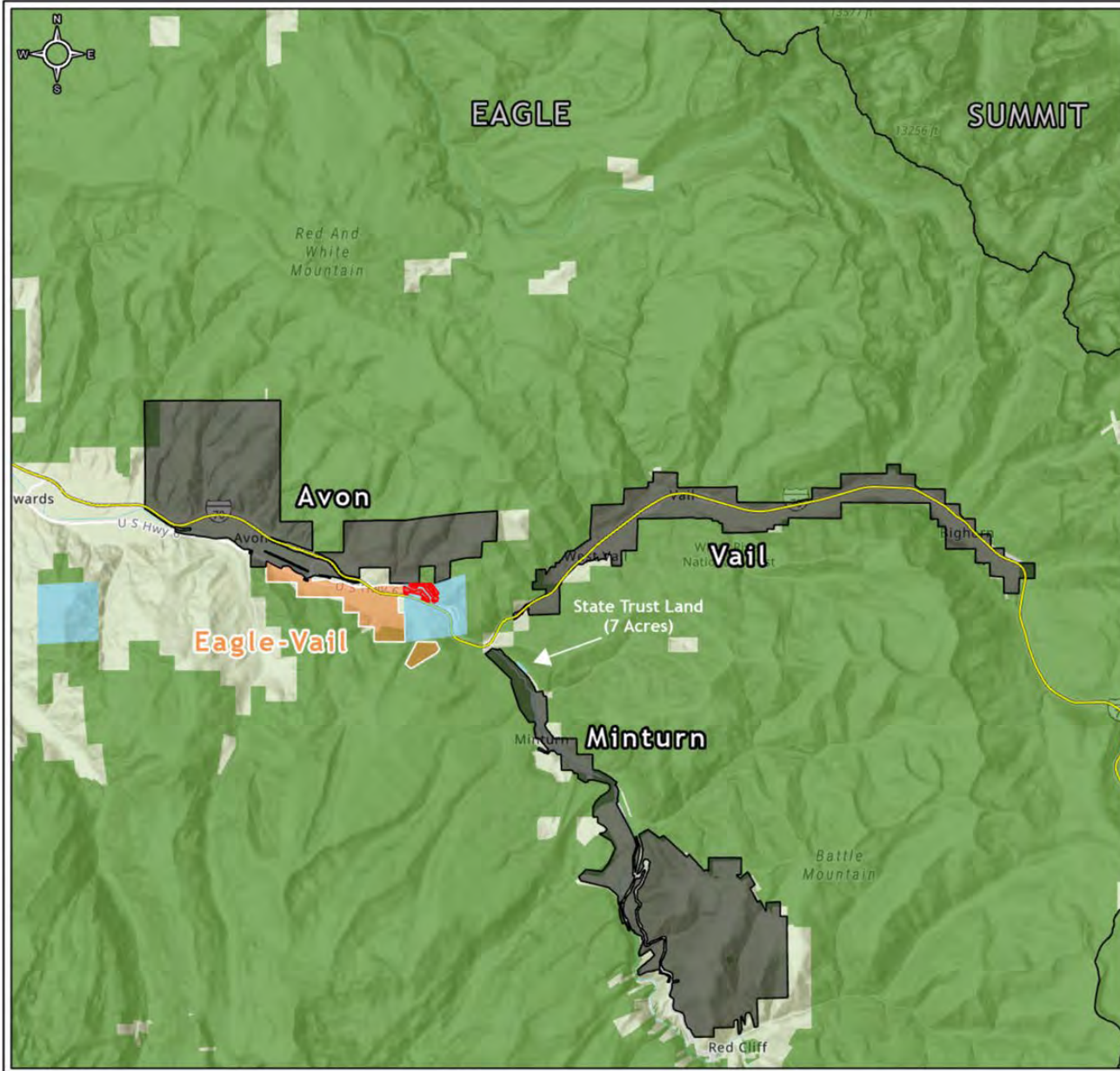
COLORADO
State Land Board

1. Annex 90-acres into the Town of Avon
2. New mixed-use neighborhood
3. 700 community housing units
 - 100% deed restricted
 - Mix of income levels
 - Rental and fee ownership
4. 60,000 s.f. of commercial space

PROJECT SUMMARY



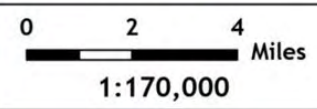
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Dowd Junction

Eagle County

- Subject Area - Dowd Junction
- SLB Surface Ownership
- City Boundary
- Eagle-Vail Metropolitan District
- County
- US Forest Service
- I-70



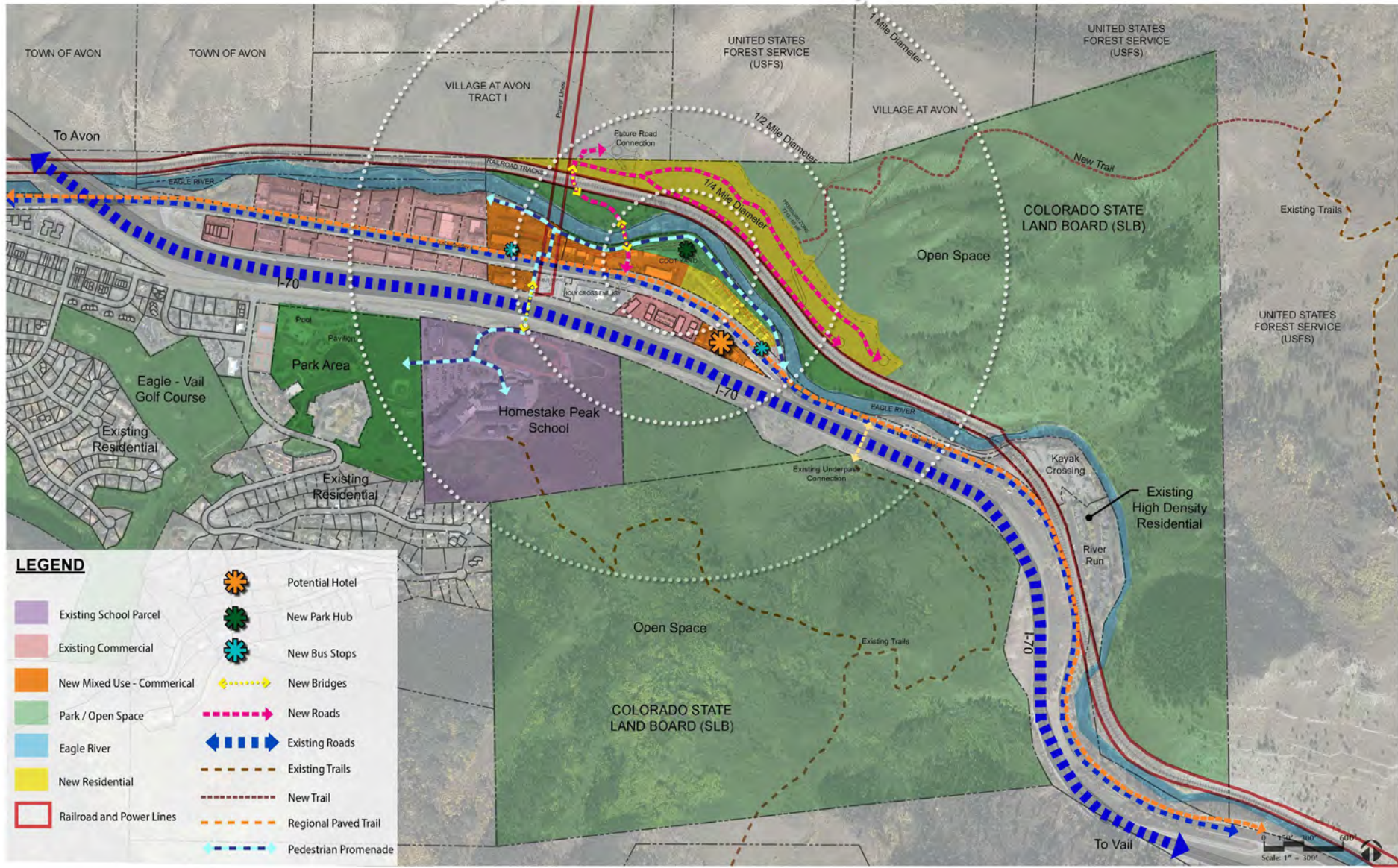
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State Land Board

Date: 10/5/2022

PROJECT LOCATION



COLORADO
State Land Board



PROJECT LOCATION



COLORADO
State Land Board



EXISTING CONDITIONS



COLORADO
State Land Board



EXISTING CONDITIONS



COLORADO
State Land Board



EXISTING CONDITIONS



COLORADO
State Land Board



EXISTING CONDITIONS



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EXISTING CONDITIONS



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EXISTING CONDITIONS



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EXISTING CONDITIONS



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State Land Board



EXISTING CONDITIONS



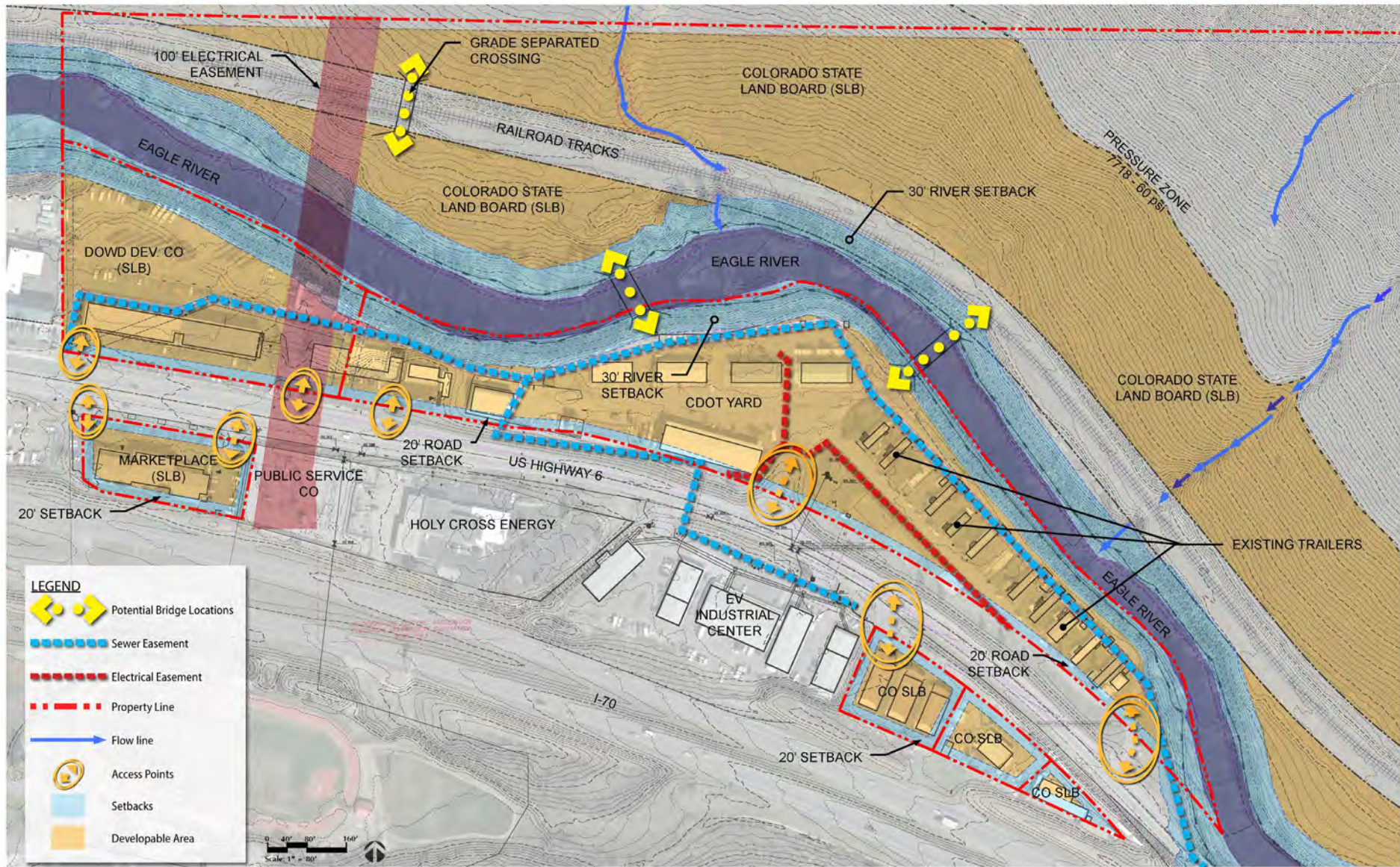
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EXISTING CONDITIONS



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SITE CONSTRAINTS



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CONCEPT SITE PLAN



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State Land Board



VIEW ALONG HWY 6



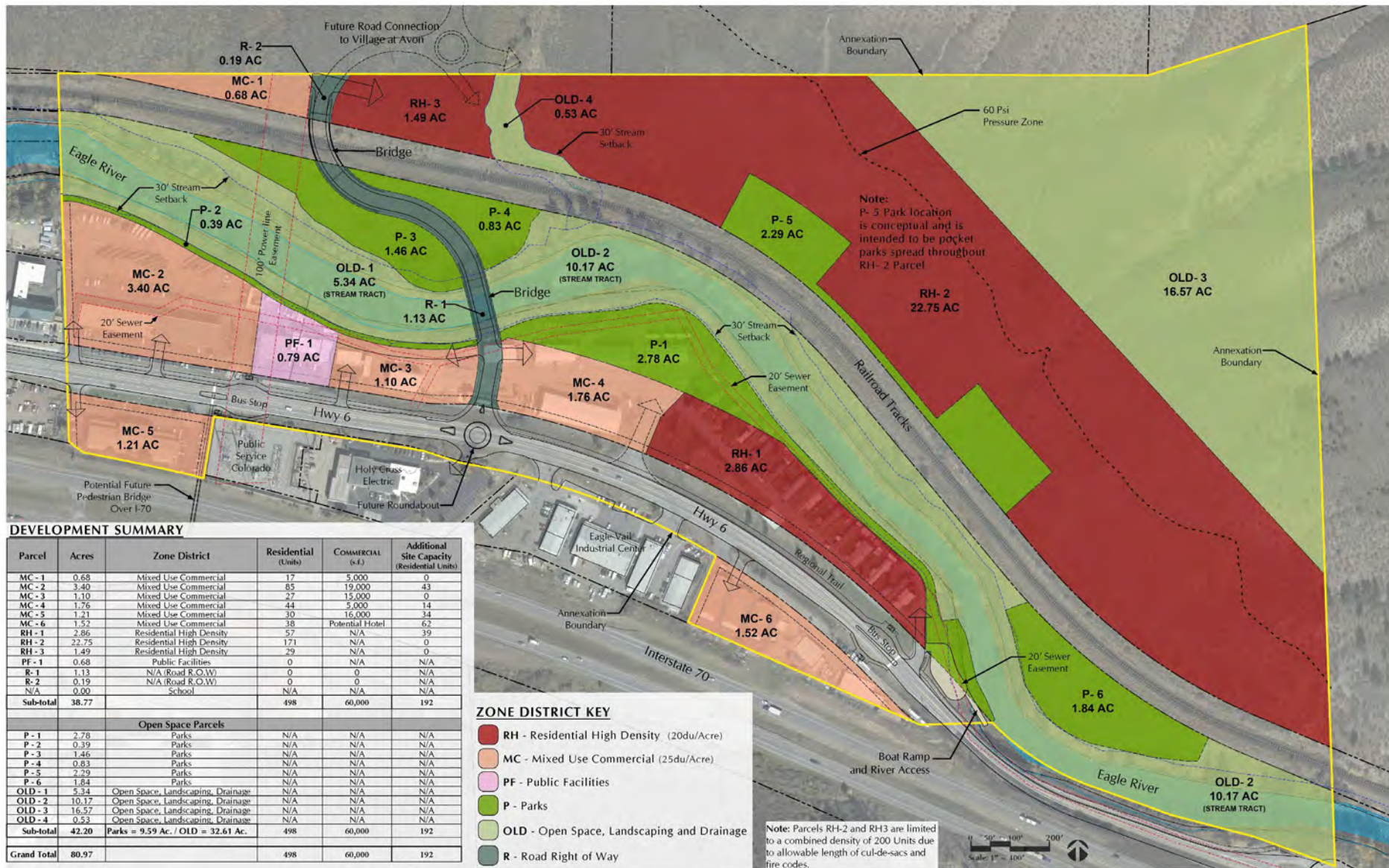
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VIEW ACROSS RIVER



COLORADO
State Land Board



DEVELOPMENT SUMMARY

Parcel	Acres	Zone District	Residential (Units)	COMMERCIAL (sq ft)	Additional Site Capacity (Residential Units)
MC-1	0.68	Mixed Use Commercial	17	5,000	0
MC-2	3.40	Mixed Use Commercial	85	19,000	43
MC-3	1.10	Mixed Use Commercial	27	15,000	0
MC-4	1.76	Mixed Use Commercial	44	5,000	14
MC-5	1.21	Mixed Use Commercial	30	16,000	34
MC-6	1.52	Mixed Use Commercial	38	Potential Hotel	62
RH-1	2.86	Residential High Density	57	N/A	39
RH-2	22.75	Residential High Density	171	N/A	0
RH-3	1.49	Residential High Density	29	N/A	0
PF-1	0.68	Public Facilities	0	N/A	N/A
R-1	1.13	N/A (Road R.O.W.)	0	0	N/A
R-2	0.19	N/A (Road R.O.W.)	0	0	N/A
N/A	0.00	School	N/A	N/A	N/A
Sub-total	38.77		498	60,000	192
Open Space Parcels					
P-1	2.78	Parks	N/A	N/A	N/A
P-2	0.39	Parks	N/A	N/A	N/A
P-3	1.46	Parks	N/A	N/A	N/A
P-4	0.83	Parks	N/A	N/A	N/A
P-5	2.29	Parks	N/A	N/A	N/A
P-6	1.84	Parks	N/A	N/A	N/A
OLD-1	5.34	Open Space, Landscaping, Drainage	N/A	N/A	N/A
OLD-2	10.17	Open Space, Landscaping, Drainage	N/A	N/A	N/A
OLD-3	16.57	Open Space, Landscaping, Drainage	N/A	N/A	N/A
OLD-4	0.53	Open Space, Landscaping, Drainage	N/A	N/A	N/A
Sub-total	42.20	Parks = 9.59 Ac. / OLD = 32.61 Ac.	498	60,000	192
Grand Total	80.97		498	60,000	192

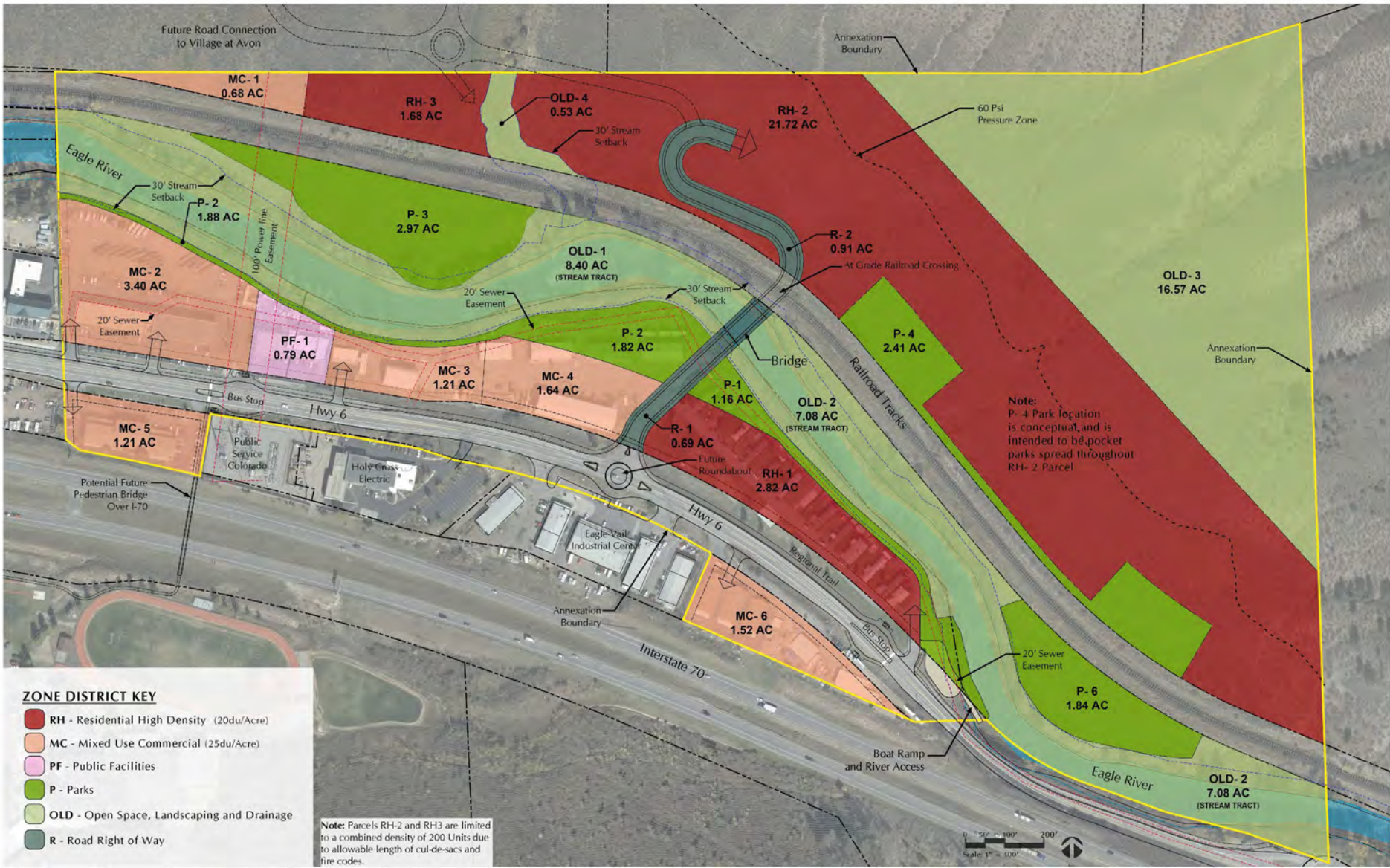
ZONE DISTRICT KEY

- RH - Residential High Density (20du/Acre)
- MC - Mixed Use Commercial (25du/Acre)
- PF - Public Facilities
- P - Parks
- OLD - Open Space, Landscaping and Drainage
- R - Road Right of Way

Note: Parcels RH-2 and RH-3 are limited to a combined density of 200 Units due to allowable length of cul-de-sacs and fire codes.



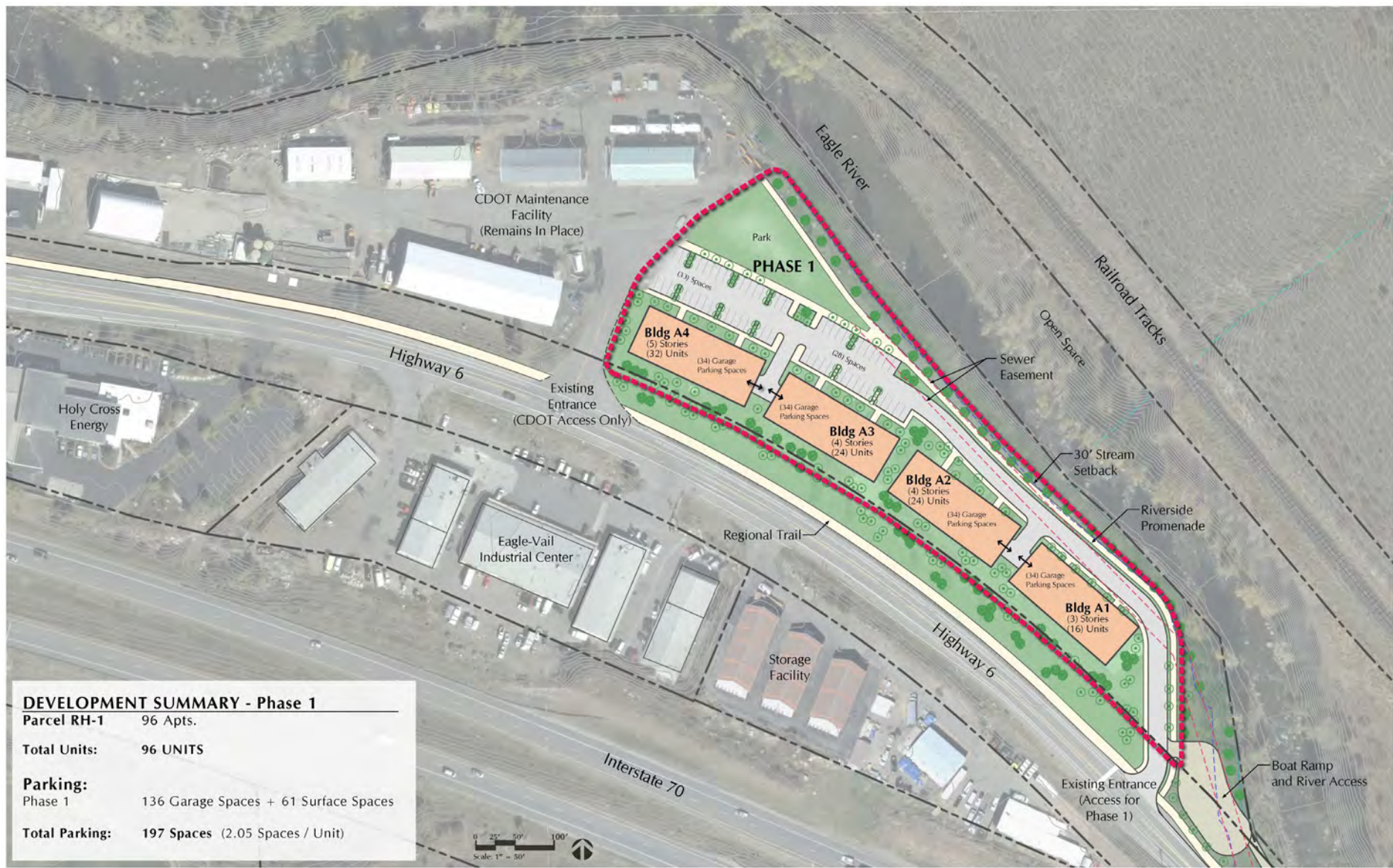
ZONING PLAN



ALTERNATE ACCESS

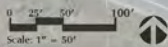


COLORADO
State Land Board



DEVELOPMENT SUMMARY - Phase 1

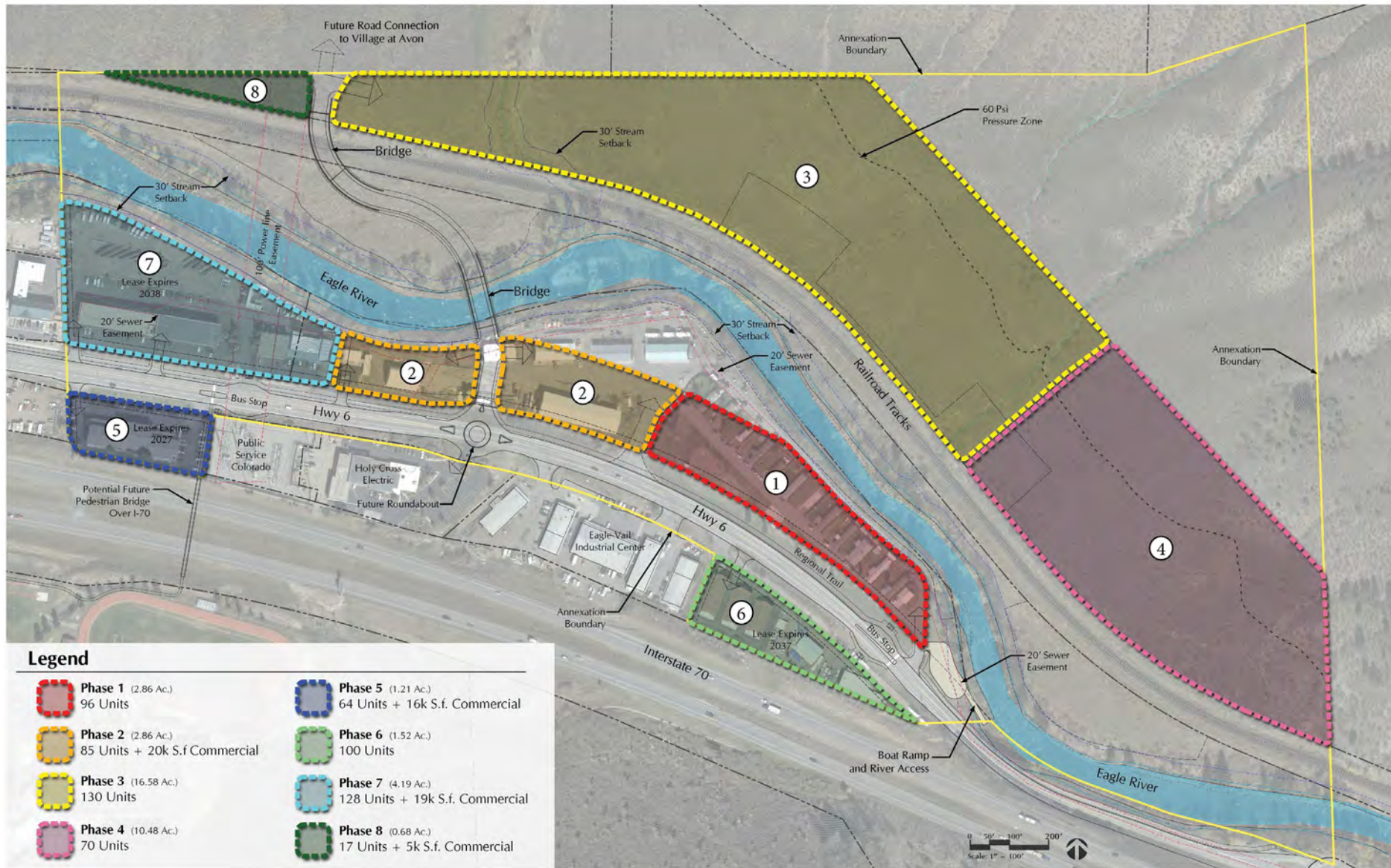
Parcel RH-1	96 Apts.
Total Units:	96 UNITS
Parking:	
Phase 1	136 Garage Spaces + 61 Surface Spaces
Total Parking:	197 Spaces (2.05 Spaces / Unit)



PHASE ONE



COLORADO
State Land Board



PHASING PLAN



COLORADO
State Land Board

Town of Avon Annexation Timeline

- **Town Council Compliance Determination**
November 14, 2023
- **Town Council Eligibility Hearing**
January 2024
- **Planning & Zoning Commission Review:**
December 2023 / January 2024
- **Town Council 1st and 2nd Readings:**
February / March 2024

TIMELINE



COLORADO
State Land Board

Eagle County Presentation



COLORADO
State Land Board

Questions/Comments





MEMORANDUM

TO: District and Authority Boards of Directors
FROM: Jason Cowles, P.E.
DATE: October 19, 2023
RE: Extended Shoshone Power Plant Outage

The Shoshone Power Plant has remained offline this fall due to rockfall mitigation work in Glenwood Canyon and repairs to one of its two turbines. We were informed this morning that the Power Plant would likely remain offline until December 31, when rockfall mitigation work is anticipated to be completed. At that time, only one turbine will be operational. The second turbine will not be operational until Mar 1, 2024 when repairs are anticipated to be completed. Division 5 does not anticipate that there will be a Shoshone call this winter as a result.

The Shoshone Power Plant outage has already depleted volumes of water stored in Green Mountain Reservoir that are otherwise used to support streamflows on the main stem of the Colorado River per the Shoshone Outage Protocol. The United States Bureau of Reclamation (USBR) is anticipating that they will fully deplete these supplies during this extended outage. This morning, we received a request from Division 5 and USBR to consider making the District's (924 AF) and Authority's (475 AF) contracted water supplies in Green Mountain Reservoir available to support the Shoshone Outage Protocol during this extended outage. We are evaluating the request and will be prepared to make a recommendation at next week's meeting.



MEMORANDUM

TO: Boards of Directors

FROM: Jason Cowles, Director of Engineering and Water Resources
Justin Hildreth, Water Resources Engineer

DATE: October 18, 2023

RE: Bolts Lake Update

This memorandum provides an update on the Bolts Lake project, and the project schedule.

Bolts Lake Background

Bolts Lake is a 1200-acre-foot reservoir planned on property owned by the District and Authority (D&A) south of Minturn, situated between Maloit Park and Tigiwon Road (refer to Figure 1). The D&A water demand projections which include future growth and climate change impacts highlighted the necessity for additional in-basin storage to augment depletions primarily for the benefit of the Authority. A feasibility study conducted on the Bolts Lake site confirmed its technical viability and diversions from Cross Creek or the Eagle River can fill the reservoir. The D&A subsequently purchased the site from the Battle North developers.

Project Status

The D&A retained Shannon and Wilson, Inc. (S&W) and LRE Water to complete the preliminary design, scheduled for completion in early 2024. This design phase includes geotechnical studies, grading plans, groundwater modeling, soil borrow investigations, water diversions analysis, headgate assessment, and permitting assistance.

Schedule

Attachment A contains the current project schedule. After S&W completes the preliminary design, we will solicit qualifications for a design team to complete the final design and preparation of construction documents. We will initiate the federal, state, and local permitting process upon completion of the preliminary design, and selection of the Construction Program Manager. We anticipate that the permitting and design phase will span a minimum of two years, potentially extending further due to the inherent risk of delays during permitting. Construction by the contractor is tentatively slated to commence in 2027 following the conclusion of the final design and permitting processes. The reservoir's construction is estimated to take approximately three years, with the earliest feasible completion projected to be 2029, subject to permitting and project funding.

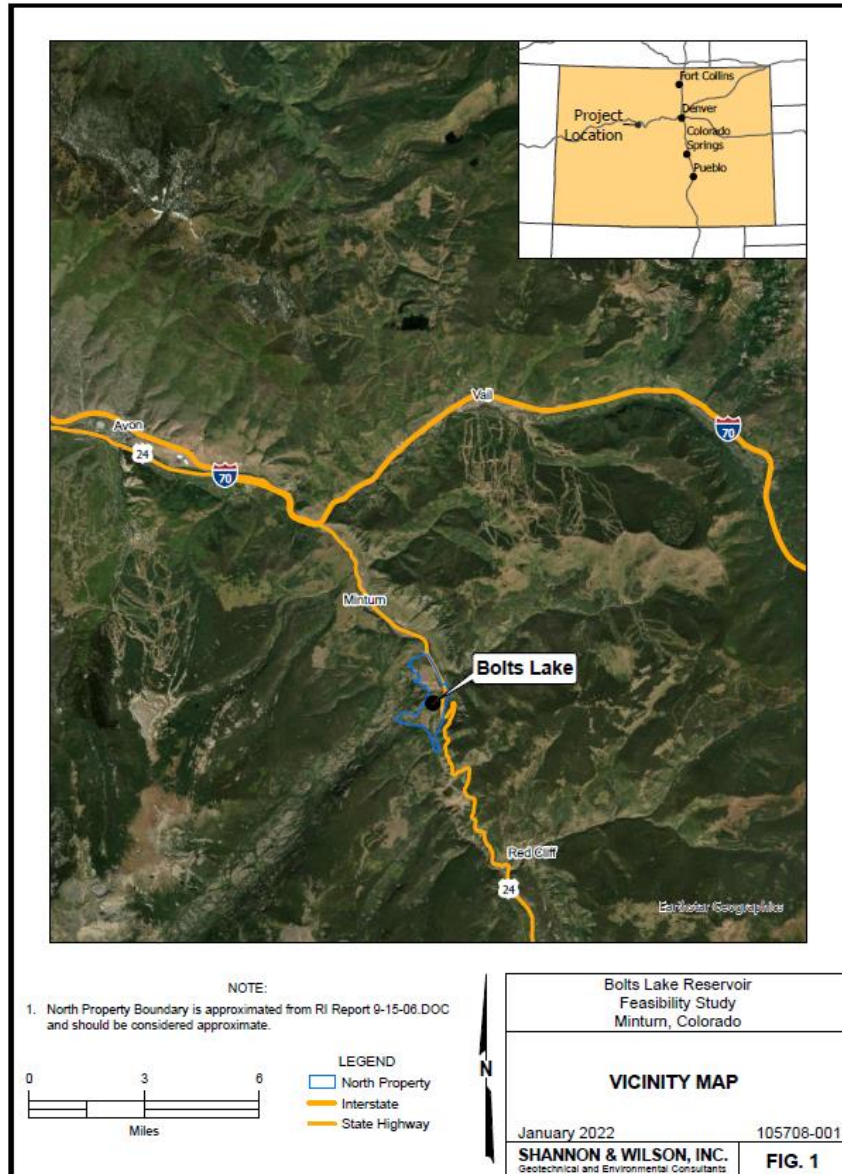


Figure 1: Vicinity Map

United States Bureau of Reclamation Small Storage Program

The USBR mandates that Small Storage Program grant applicants complete a feasibility study before applying for funds. S&W is working on the study, and it is scheduled to be completed around December 1st. The USBR review will take 6 months to complete, and we are on schedule to have the report approved in anticipation of applying for grant funding in the fall 2024 cycle. We plan to apply for the USBR small storage program grant to offset permitting and design expenses, with the project budget estimating these costs to be approximately \$8,000,000. The program offers funding up to 25%, potentially amounting to \$2,000,000.

Program Manager

The Program Manager will be responsible for overseeing and managing the project to completion including final design, permitting, and construction. Their role will involve coordinating all aspects of the construction process, ensuring that the contractor adheres to the schedule, stays within budget, and meets quality and safety standards.

We intend to advertise and Request for Qualifications (RFQ) for Program Manager services around November 1. The solicitation process is expected to take 3 months including advertising, reviewing qualifications, and interviewing respondents. The Program Manager should be under contract before the completion of the preliminary design phase in early 2024.

Water Diversion Source

There are two sources of water to fill Bolts Lake, Eagle River, and Cross Creek. The Cross Creek diversion (Figure 2) appears to be the most efficient and cost-effective way to fill the reservoir because it will be a gravity-based system. The preliminary hydrologic models indicate that there are adequate flows in Cross Creek to the reservoir in average to wet years not accounting for long-term climate change impacts, but Cross Creek diversions will be physically limited in extreme dry years.

An Eagle River diversion is also recommended for three reasons:

1. It can assist in filling the reservoir when Cross Creek flows are not adequate to fill the reservoir.
2. It will provide for redundancy if the Cross Creek diversion is not operating properly.
3. It will offer flexibility in case of catastrophic watershed impact such as a wildfire.

S&W evaluated two options to divert water from the Eagle River, one is a diversion starting south of the site, flowing through a ditch past the old tailings pile, and a pump station near the reservoir. The second option is to divert water from the Eagle River near the US HWY24 and Tigiwon Road intersection and pump directly to the reservoir. The second option requires more pumping but appears to be the most feasible because of the small construction footprint and consequently lower construction and operation & maintenance costs.

Additional details regarding the water diversion sources and operation will be presented at the December 7, 2023, Board update.

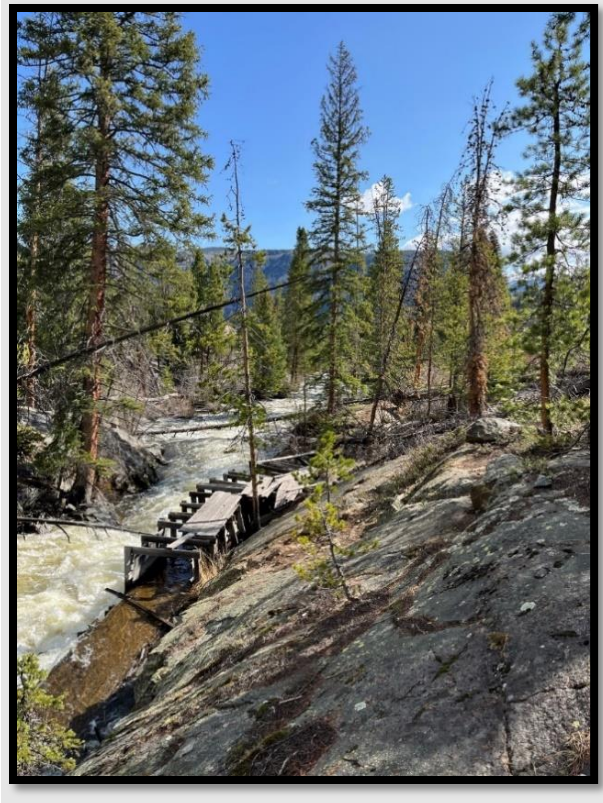


Figure 2: Bolts Lake Headgate on Cross Creek in 2023

Attachments:

1. Bolts Lake Reservoir Project Schedule

BOLTS LAKE RESERVOIR PROJECT SCHEDULE

EAGLE RIVER WATER AND SANITATION DISTRICT
UPPER EAGLE REGIONAL WATER AUTHORITY

PREPARED DATE 10/16/23

TASK	Duration	2023				2024				2025				2026				2027				2028				2029				2030				2031								
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
PERMITTING & PRELIMINARY DESIGN																																										
1	Due Diligence, Preliminary Design	■			■																																					
2	Design Development					■		■		■																																
3	Construction Documents													■		■																										
4	Bolts Lake Water Rights Decree	■			■	■	■	■																																		
5	Amend Existing Authority Augmentation Plans									■		■	■	■	■	■																										
6	Colorado River District Accelerator Grant to fund US Bureau of Reclamation Feasibility Study	■	■																																							
7	US Bureau of Reclamation Feasibility Study					■																																				
8	US Bureau of Reclamation Reviews and Approves Feasibility Study					■		■																																		
9	Apply for USBR Small Projects Grant for Design Funding Assistance					■																																				
10	EPA Work Plan Approval									■		■																														
11	Eagle County 1041 Permit Process									■		■																														
12	Minturn 1041 Permit Process									■		■																														
USFS AND NEPA APPROVAL PROCESS																																										
1	Pre-Application Consultation - USFS	■																																								
2	USFS Special Use Application and MRAF Evaluation					■		■																																		
3	Final Purpose and Needs Report																																									
4	Select 3rd Party NEPA Contractor					■																																				
5	Consultation with Other Agencies and Stakeholders					■		■																																		
6	NEPA Public Scoping Meetings, COE 404 Permit Application					■		■																																		
7	Develop and Refine Alternatives					■																																				
8	Conduct Environmental Studies					■		■	■																																	

BOLTS LAKE RESERVOIR PROJECT SCHEDULE

EAGLE RIVER WATER AND SANITATION DISTRICT
UPPER EAGLE REGIONAL WATER AUTHORITY

PREPARED DATE 10/16/23

TASK	Duration	2023				2024				2025				2026				2027				2028				2029				2030				2031			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
9	Prepare Cat Ex/EA or EIS																																				
13	Section 7 Endangered Species Consultation with US Fish and Wildlife																																				
14	Permit Approvals and Decision Documents																																				
PROGRAM MANAGER																																					
1	Prepare Request for Qualifications																																				
2	Advertise RFQ																																				
3	Hire Program Manager																																				
4	Program Manager Assists with Project Development, Final Design & Permitting																																				
5	Program Manager Manages Construction																																				
CONSTRUCTION MANAGER (CONTRACTOR) SELECTION AND CONSTRUCTION																																					
1	Prepare Request for Qualifications																																				
2	Advertise RFQ																																				
3	Hire Construction Manager																																				
4	Construction Manager Assists with Design and Cost Estimating																																				
5	Develop Guaranteed Maximum Price																																				
6	Issue and Process Bonds for Project funding																																				
7	Construction Manager Obtains State and Local Construction Permits																																				
8	Construction																																				
9	Warranty																																				



MEMORANDUM

TO: Boards of Directors
FROM: Diane Johnson, Communications & Public Affairs Manager
DATE: October 26, 2023
RE: Communications and Public Affairs Report

2024 rates and conservation outreach

The 2024 rates postcard arrived at Vail, Avon, and Edwards zip code addresses starting on Sept.29. Customer Service received a manageable number of calls with more on the first day/week and dwindling afterwards. Our digital and print campaign in the Vail Daily uses similar imagery. Continuity of imagery and wording is also carried through to the side-by-side billing comparison mailer that will be sent this month to all account holders.

Colorado River Drought Task Force

The Colorado River Drought Task Force is scheduled to meet five more times in 2023; the sub-task force on tribal matters is scheduled for four more meetings. Some information is on the [task force website](#).

District in the news:

1. Oct. 12, Vail Daily: Eagle County commissioners and Avon like what they see in State Land Board proposal
2. Oct. 10, Vail Daily: [Construction on Highway 6 & 24 in Dowd Junction continues to impact traffic](#)
3. Sept. 26, Vail Daily: [Water main break repaired on Vail Valley Drive, contractors working to restore traffic flow](#)

Attachments (and/or hyperlinks):

1. Oct. 18, Rep. Neguse press release: [Rep. Neguse, Sens. Bennet and Hickenlooper Advocate for Forest and Watershed Health on Colorado's Western Slope](#)
2. Oct. 16, Durango Herald: Sticks in snow; Snowtopography sites in the southwest could foster more climate-resilient forests
3. Oct. 13, LA Times: [California's epic rain year boosted groundwater levels, but not enough to recoup losses](#)
4. Oct. 10, Colorado Sun: [Colorado cities accelerate turf wars with new construction bans, public median rip-outs](#)
5. Oct. 9, Vail Daily: [Town of Avon to hear about annexing nearly 100 acres to create 700 new affordable housing units](#)
6. Oct. 6, Aspen Journalism: [Improving resilience to drought](#)
7. Oct. 5, LA Times: [Saudi firm that grows hay in California and Arizona to lose farm leases over water issue](#)
8. Sept. 26, Colorado Sun: Colorado River officials extend stumbling program that pays farmers, ranchers to use less water

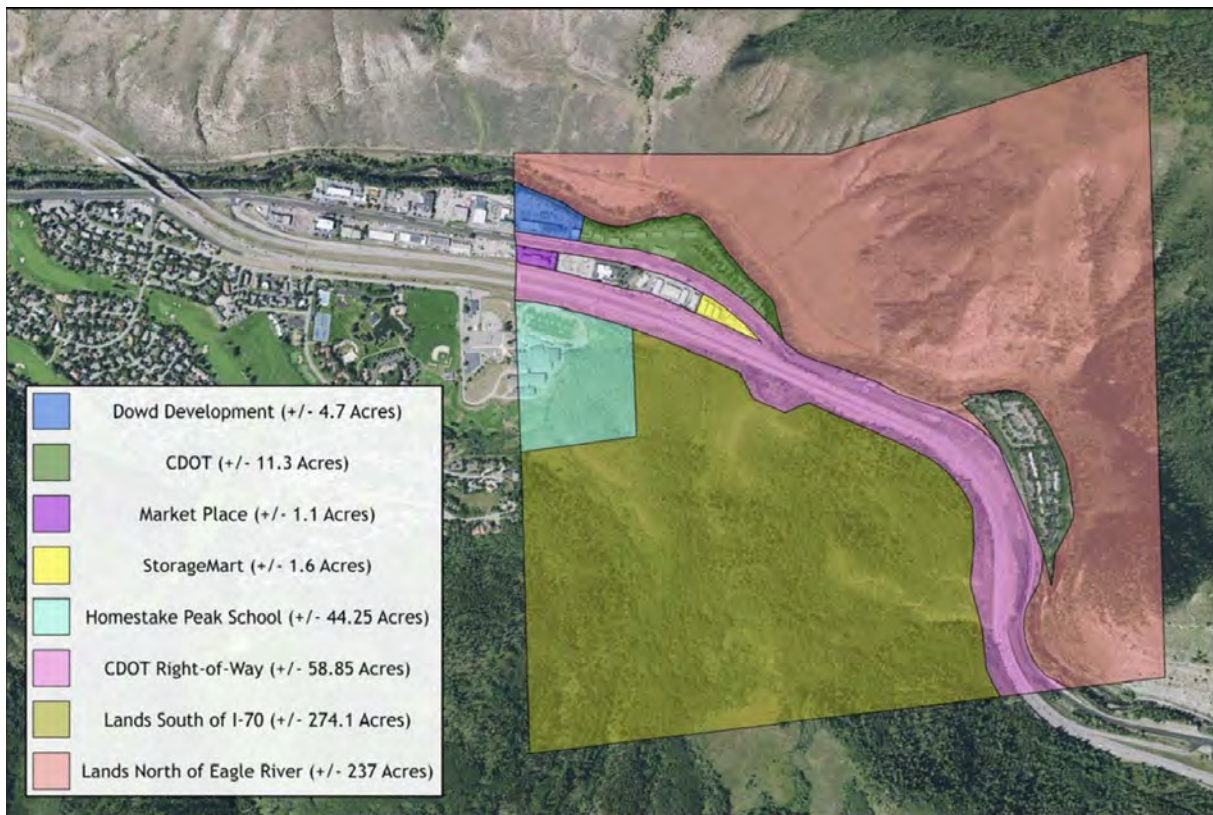
Eagle County commissioners and Avon like what they see in State Land Board proposal

The county's portfolio includes enough 'wet water' to serve proposed 700 homes on nearly 100 acres of land

News [FOLLOW NEWS](#) | Oct 12, 2023



Zoe Goldstein [FOLLOW](#)
zgoldstein@vaildaily.com



The 97.6 acres of land the Colorado State Board of Land Commissioners has suggested for Avon to annex to develop 700 units of community housing, as well as 60,000 square feet of commercial property, plus parks, open space, and a fire station.

Colorado State Board of Land Commissioners/Courtesy image

Eagle County may be asked to supply water to a [96.7-acre, 700-unit](#) workforce housing development on the east end of EagleVail and property on the north side of the Eagle River.

Representatives from the town of Avon and the Colorado State Board of Land Commissioners on Tuesday provided the Eagle County Board of Commissioners with an overview of the possible project.

The Land Board has roughly 2.8 million acres of property around the state and is legally bound to manage that land — two square miles or 1,280 acres in each Colorado township — for the benefit of the state's K-12 schools.

Some of the property is used for commercial operations. That includes long-term leases for businesses at the east end of EagleVail. Other property is used for direct educational uses. A portion of the campus of the Homestake Peak School in EagleVail sits on Land Board property. Other land is leased for grazing and similar uses.



Thanks to the 2023 Senate Bill 001, as well as a push from Gov. Jared Polis, land commissioners can look to lease or sell property for workforce housing. A preliminary plan created by the Land Board and town of Avon officials is part of that effort.

There are plenty of hurdles to clear before starting work, including supplying the property with water. That's where Eagle County comes in.

'Wet water' is essential

According to preliminary figures, the development would require between 10 and 20 acre-feet of "fully consumable" water. An acre-foot would put 12 inches of water atop a standard football field.

The county, through an agreement with the Upper Eagle Regional Water Authority, owns a little more than 87 acre-feet of water. That portfolio is what those in the water business call "wet water," meaning water that can be routed and delivered to users. There's also "paper water" – water rights that exist mostly in theory to satisfy various legal requirements.

Under the current preliminary plan, 20 acre-feet from the county's portfolio would cost \$1.3 million.

i How we got here

- Eagle County's representatives in the Colorado Legislature, Sen. Dylan Roberts and Rep. Meghan Lukens, co-sponsored a bill, Senate Bill 23-001, in the Legislature's 2023 session.
- That bill promotes the use of public-private partnerships, in part to spur the development of affordable housing.

While a host of details need to be worked out, starting with the town's annexation of the property and how to phase various elements of the project over as much as 25 years, Commissioner Kathy Chandler-Henry said she was impressed.

"This is exactly the kind of proposal we've been looking for," Chandler-Henry said.

Town of Avon



The plot of land runs along U.S. Highway 6, and includes a number of existing leases, including the current living area of several Colorado Department of Transportation employees, who will be relocated in the first phase of the plan. Colorado State Board of Land Commissioners/Courtesy image

State Land Board representatives also presented the proposal to the Avon Town Council and Avon Planning and Zoning Commission in a joint Tuesday meeting. Avon is expected to annex the property, and the discussion surrounded the complications of adding the land to the town.

Concerns including the need for traffic studies, the creation of new zoning rules, and the longevity of current leases within the plot have to be resolved by town officials.

Traffic studies are needed, but have not yet been completed to examine how adding 700 units of housing impacts traffic along U.S. Highway 6 and the ramp onto Interstate 70.

The first phase of the project is relocating the Colorado Department of Transportation employees who currently live on the property, and money from Senate Bill 23-001 will be used to assist in the relocation.

Next steps



Facing eastbound on Highway 6, the existing Colorado Department of Transportation employee housing mobile homes can be seen on the left, and commercial properties within the area on the right. Commercial leases are intended to be allowed to run out, rather than end early, within the boundary of the parcel. Colorado State Board of Land Commissioners/Courtesy image

For Avon, the next step in the process is to work toward annexing the plot. On the current accelerated timeline, the land will be annexed into Avon in January or February of 2024.

A second phase might include developing the western half of the plot, with a third phase to look into developing only the portion of the plot across the Eagle River, which can accommodate approximately 200 homes while adhering to fire restrictions.

The plot also has several long-term ground leases currently in effect. Phases five, six, and seven of the development plan will be delayed because some existing leases do not end for 20-plus years.

“It’s our intention to let all leases run all the way through their current term,” said Greg Ochis, assistant director of the Colorado State Board of Land Commissioners.

“Nothing immediate is going to happen. There is no need to start packing up,” said Avon Town Manager Eric Heil.

As the State Land Board does not operate as a developer, the housing and other new property features would be developed by independent contractors at the direction of Avon. Avon would be responsible for creating the zoning regulations and deed restrictions and waiving fees according to town community housing policies. Those fees are estimated to cost approximately \$20 million.

The council discussed the need to properly zone the property, including proceeding through the process slowly to ensure it is done right.

Tim McGuire, the chair of the EagleVail Metropolitan District board, expressed concern that the maximum allowed building height for high-density housing, 60 feet, would create a “wall” along the edge of EagleVail. McGuire suggested that a different definition of zoning outside of Avon’s current high-density housing zoning rules should be invented and applied to this specific area of land.

Many council members agreed with McGuire’s suggestion.

“Let’s invent definitions that work for everybody so we’re all on the same page, and know that in 18 to 25 years, when the last builder has bought the last parcel, it’s zoned right for what we thought should be in that place in 2024, and not just auto-zoned for high density,” Council Member Tamra Underwood said.

Tuesday’s meeting was just informational, and the project will come before the Avon Town Council and the Planning and Zoning Commission again several times prior to the official annexation of the property.

Business Editor Scott Miller contributed reporting to this story.



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Sticks in snow

Snowtopography sites in the southwest could foster more climate-resilient forests

By Reuben M. Schafir Herald Staff Writer

Monday, Oct 16, 2023 5:00 AM



Lenka Duskocil, the water program research associate at Mountain Studies Institute, explains how the Jackson Mountain snowtopography site is designed to capture data on snow melt timing and pace along the edges of the clearing. (Reuben Schafir/Durango Herald)

Reuben M. Schafir



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Privacy - Terms

JACKSON MOUNTAIN – Two straight lines of 6-foot-tall red and white measuring sticks divide a small clearing near the Jackson Mountain trail head into quarters. A young buck wanders through the meadow east of Pagosa Springs, undisturbed and unaware of its recent transformation.

The unassuming installation – a series of measuring sticks, cameras and moisture sensors – is part of a growing network of snowtography sites across the Southwestern United States that is helping to reshape scientists’ and water managers’ understanding of how forest management impacts snow melt.

“We are trying to create climate-resilient forests and water supplies,” said Jake Kurzweil, the associate director of MSI’s water program.

These simple installations are beginning to proliferate throughout Arizona and Colorado – the Jackson Mountain site is one of five in Southwest Colorado. There are **three more located near Dolores** and another on Red Mountain Pass.

The scientists behind them say the data snowtography yields is likely to increase the control humans have over the melting snowpack.



**A buck wanders through the The Jackson Mountain snowtography site earlier this month.
(Reuben Schafir/Durango Herald)**

Reuben M. Schafir



A different type of data

Snow telemetry, or SNOTEL, sites **popped up beginning in the 1970s** and provided a sort of all-in-one mechanism to track snowfall. The installations gather data on the weather, depth of the snow as well as how much water it contains (the snow-water equivalent). But they come with a downside: about \$250,000 in associated costs.

Snowtography is different. The sites are equipped with just \$15,000 worth of basic equipment and produce a different type of data.

“They’re way more intense,” Lenka Dorskocil, a water program research associate at the Mountain Studies Institute, said of SNOTEL sites. “This is the most basic form of snow measurement, which is, how deep is it.”

A series of cameras mounted on trees throughout the plot take several pictures each day, capturing images of all 35 stakes on the plot. The images provide daily data points tracking the snow depth across the plot throughout the winter. Staff will visit the plot every other week and download the pictures, as well as the data recorded by four soil moisture monitors buried around the site.

“We’re using automated trail cameras and painted sticks, and as far as I know, there’s nothing patentable within it,” said Joel Biederman, the research hydrologist with the USDA-Agricultural Research Service in Tucson, Arizona.

But the data is not just courser than SNOTEL – it has a broader reach.

Biederman, who is also a research associate at the University of Arizona, ran across an old snowtopography site while working in the field with students some years ago. The site was faded, but Biederman saw it was capable of providing the kind of data he was after.



“We’re using automated trail cameras and painted sticks, and as far as I know, there’s nothing patentable within it,” said Joel Biederman, the research hydrologist with the USDA-Agricultural Research Service in Tucson, Arizona. The cameras capture images of the measuring sticks recording the depth of snow on a daily basis. (Reuben Schafir/Durango Herald)

Reuben M. Schafir



He had been measuring snow depths by hand and aggregating SNOTEL data to paint a better picture of the snowpack across the landscape. He pointed out that SNOTEL provides data only from a singular point.

“Critically, that one point is almost always a shaded clearing that captures and holds more snow than anywhere else on the landscape,” Biederman said. “... They don’t tell us anything about how forests are regulating snow.”

That unknown is important, Biederman says, because forests are changing rapidly. And so is the way they regulate snow.

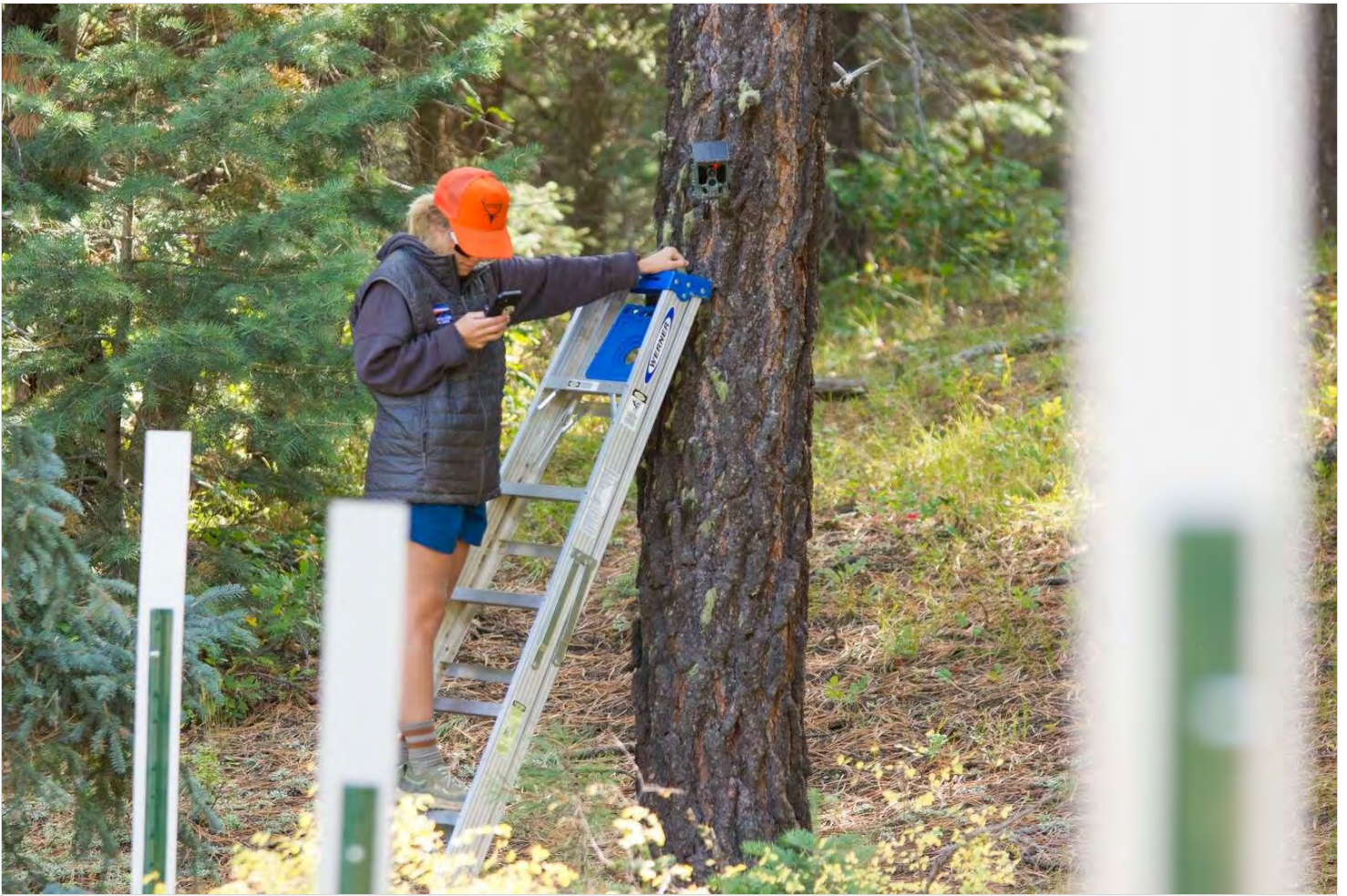
Learning in changing forests

The plot at Jackson Mountain was carefully selected by Kurzweil and reviewed by Biederman.

The stakes span a clearing, ending approximately 15 meters into the forest on either end. The “cool” side of the clearing is located to the south, where the tall trees block the sun’s radiation but the exposed ground still accumulates snow. The “warm” side of the site is located to the north, where the lack of trees allows the sun to directly shine on the snowpack.

“As we speak, forests are changing super rapidly due to drought, insect infestation like bark beetles or spruce budworm, and then of course wildfire,” Biederman said. “And then we have the human response trying to be proactive about that with management.”

The result of those changes is swathes of forest wiped out by insects, logging or thinning operations, wildfire-ravaged slopes or, alternatively, a wildfire-adapted landscape that has not burned in a century.



Forest Programs Assistant Julia Ledford checks one of the cameras at the Jackson Mountain snowtopography site. (Reuben Schafir/Durango Herald)

Reuben M. Schafir



“It’s well known that there are different, what we call, snow environments,” Biederman said.

But how they impact the reservoir of water, that is, the annual snowpack, remains less than clear. Less snow falls directly under trees as it gets intercepted by branches. That snow sublimates, meaning it evaporates directly back into the atmosphere, before it can ever seep into the ground water or flow through an irrigation ditch.

On the other hand, snow that is able to land near trees is a little bit more shielded from the sun and wind than snow out in the open, Biederman said. But exactly what the degree of coverage does to the snowpack has yet to be studied.

The bigger picture

Management of reservoirs, such as Lake Nighthorse, locally, or Lake Mead, farther downstream, can send water wonks into a dizzying conniption as the over-allocated Colorado River slowly bleeds dry.

But Biederman and Kurzweil are looking upstream, although not in the typical sense of “the upper basin.”

Snowpack is a reservoir too, and if snowtopography can help explain how different forest gradients impact the duration and time at which it melts, might it also inform forest managers in making more water-conscious decisions?

“I certainly hope so,” Biederman said.

The speed and timing of snow melt impacts what happens to the water, he explained. Snowtopography can help predict that.

“We'd really like to be able to inform forest management to see if we can improve any of those outcomes,” Biederman said.



“This is the most basic form of snow measurement, which is how deep is it,” said Lenka Duskocil, the water program research associate. The stakes behind her measure the snow depth, while a sensor placed in the hole she is digging will capture soil moisture. (Reuben Schafir/Durango Herald)

Reuben M. Schafir



Thanks to funding from The Nature Conservancy in Arizona and Colorado River Program, Biederman has been able to fund a growing number of snowtopography sites in the Colorado River basin. There are now 15 sites across Arizona, Colorado and Wyoming.

The data will be publicly available, and Biederman hopes to hire a data scientist to create a more formalized database of the information.

“We want to make sure that this data is not just for, say, a reservoir manager or a municipality but that somebody who's not a scientist is able to read this information and understand and say, ‘Well, what does this mean for me?’” Kurzweil said.

The impacts are broad, he said, because climate change poses such interdisciplinary questions.

“As we go into this intensified climate change, we need to have diversified solutions,” Kurzweil said. “There is no silver bullet. We're looking for the silver shotgun.”

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You might also like



WATER

Colorado River officials extend stumbling program that pays farmers, ranchers to use less water

The 2023 program spent more and saved less water than in the past, but officials say there's more that can be learned about water conservation in the next round



Shannon Mullane

4:08 AM MDT on Sep 26, 2023



A combine harvests grain on a Colorado farm in 2022. This year, 22 farms or ranches on the Western Slope chose to conserve water through a federally funded program that was extended into 2024 on Thursday. (Danny Wood via AP)

Colorado farmers and ranchers will have another chance to be paid to cut back on their water use through a conservation program that was extended into 2024.

The System Conservation Pilot Program is part of a federally funded, multistate effort to stabilize the overtaxed Colorado River Basin, but the program saw mixed success this year. The four Upper Basin states — Colorado, New Mexico, Utah and Wyoming — spent nearly \$16.1 million in tax dollars on this year’s conservation program, almost double the \$8.5 million spent, in total, during the four-year pilot that preceded it. They saved about 37,810 acre-feet of water, a tiny drop in the Colorado River’s annual flow of about 12 million acre-feet.

The conservation program gave water users the chance to try things that they wouldn’t have been able to do otherwise, said Colorado Commissioner Becky Mitchell during the Upper Colorado River Commission meeting Thursday.

“And I’ve heard plenty about how the process could be improved, including the level of transparency,” she said. “All of this input has really helped inform the decision that I’m making today, and it informs us on how any process will be developed if the program moves forward.”

She and the commissioners from the other Upper Basin states voted unanimously to continue the program during the meeting.

The conservation program **originally launched in 2015** to, in part, see if voluntary, temporary and compensated water cuts in the four Upper Basin states could help stabilize water levels in Lake Powell and be a useful response to drought. Powell is one of the largest reservoirs in the Colorado River Basin, where drought, climate change and overuse are stressing the water supply for 40 million people across the Western U.S.

Between 2015 and 2018, farmers and ranchers reduced their irrigation or didn’t irrigate at all on parts of their land. Some switched to more water-efficient crops. Over four years, the program spent about \$8.5 million to conserve about 47,200 acre-feet of water, about \$180 per acre-foot, across the Upper Basin states. (One acre-foot can support the annual water needs of two, or sometimes more, average households.)

In 2022, when Colorado River conditions worsened and the basin’s water storage was historically low, the federal government called on states to cut their water use by 2 million to 4 million acre-feet. The Upper Basin states outlined **their response in a 5-Point Plan**, and first on the list was relaunching the system conservation program.

In December 2022, the federal government reauthorized the program. Upper Basin states **had up to \$125 million** from the federal Inflation Reduction Act to spend on projects between 2023 and 2026.

Of the \$16.1 million spent during this year’s program, about \$992,000 went to 22 project participants in Colorado to save 2,517 acre-feet of water. Overall, the price of water saved jumped to about \$425 per acre-foot across the four Upper Basin states, a 136% increase compared to the program’s first iteration.

A narrowed focus for 2024

The small savings are just one of the challenging outcomes from this year’s program, but officials are bent on turning things around during the 2024 program.

The 2024 water conservation program will still encourage voluntary, temporary and compensated participation. It will focus on innovative water conservation methods and developing local drought resilience tools, but Colorado River commissioners also chose to narrow the program’s scope in 2024 to explore a much-debated water conservation strategy called demand management.

A demand management program would involve saving water and then tracking the water savings from the source, across state lines and all the way to Lake Powell. The concept aims to help stabilize water levels in Flaming Gorge, Navajo, the Aspinall Unit — which includes Blue Mesa — and Lake Powell reservoirs.

In 2024, the Upper Colorado River Commission water conservation plans to prioritize projects that help fill in data gaps in a demand management feasibility investigation. Officials are still figuring out exactly what data is needed, according to Colorado Water Conservation Board staff.

“I think if you asked the four Upper Division states, what are your open questions for demand management, you might get four different answers,” said Amy Ostdiek, section chief of the agency’s interstate, federal and water information section, during a Colorado Basin Roundtable meeting Monday. “The short answer is, I don’t know.”

The idea poses significant challenges related to water administration and public support.

For farmers and ranchers, it’s an immediate no-go, said Greg Vlaming, a soil scientist and agricultural producer in southwestern Colorado who helped many other producers navigate the program this year.

Many growers want water savings to stay in reservoirs close to home to help provide for irrigation in dry years, and stopping irrigation, or fallowing, parts of their land means higher startup costs and more hours to bring that land back into production the next season.

READ MORE

Three men linked to deadly rock-throwing spree narrowly missed a motorist’s head, injured others with shattered glass, police testify

2:44 PM MDT on Oct 18, 2023

Section of I-25 near Pueblo closed because of train derailment starts to reopen Wednesday afternoon

2:06 PM MDT on Oct 18, 2023

Fact check: Would Proposition HH really eliminate Coloradans’ taxpayer refunds?

3:45 AM MDT on Oct 18, 2023

“It’s not demand management yet. That’s what we’re all kind of watching for,” Vlaming said. “If we have to go fallow and we have to shepherd water, then I don’t think we’ll get participation on any level.”

“It would be imprudent not to try”

Another tweak: The 2024 program will have an earlier application window beginning in October. This year, **farmers and ranchers were left in limbo**, waiting for application updates in early spring while needing to make planting and irrigation decisions. Administrators faced a time crunch to finish the complex approval process before the irrigation season started.

If all goes according to plan, project applications will be received by mid-December, reviewed by February and in action by mid-March 2024, according to the commission.

Officials also say the **compensation structure will be more straightforward** in the 2024 program. This year, the program offered \$150 per acre-foot of water saved, based on the median compensation from the first pilot program, or participants could negotiate based on justifiable on-farm expenses.

On average, Colorado farmers and ranchers were paid \$394 per acre-foot. But participants wanted more transparency from the get-go, so the 2024 program will have a firm, fixed price for compensation, according to the Upper Colorado River Commission.

Vlaming said these changes are key.

“I guess my initial hit was, good job. I think they found the focus points that needed to get tightened up a little bit,” he said, referencing the compensation structure in particular. “I’m glad that they’re going to keep it like it was last year because it did give us a lot of latitude to get creative and help farmers farm.”

In the 2024 program, people will also have more chances to comment on the process, and outreach will improve: The Upper Colorado River Commission plans to hold public information meetings and pre-application sessions with potential applicants to ease the process.

“Having now talked through some of the improvements that are being recommended and, with this unique opportunity of ... funding, I think it would be imprudent not to try and learn what we can from a new round of this,” New Mexico Commissioner Estevan Lopez said.



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MEMORANDUM

TO: Upper Eagle Regional Water Authority Board of Directors
FROM: Kristin Moseley
SUBJECT: Upper Eagle Regional Water Authority Resolution on Water Dedication Policy for 2024
DATE: October 18, 2023

Attached for your consideration is a revised version of the Upper Eagle Regional Water Authority Resolution on Water Dedication Policy for 2024, which incorporates a price escalation of 7.45% based on inflation and increased anticipated costs of construction of Bolts Lake. Accordingly, the cash in lieu fee of \$66,063 per consumptive acre foot charged in 2023 is proposed to be increased to \$70,985 per consumptive acre foot effective January 1, 2024. The proposed Resolution is attached as a draft for your review and comment, and a final version will be included for your approval in the board packet for the meeting scheduled on December 7, 2023.

**UPPER EAGLE REGIONAL WATER AUTHORITY
RESOLUTION ON
WATER DEDICATION POLICY**

Effective January 1, 2024

WHEREAS, the Upper Eagle Regional Water Authority (“Authority”) is a quasi-municipal entity authorized and empowered to supply water for domestic and other public and private purposes; and

WHEREAS, the Authority’s mission is, among other goals and responsibilities, to provide efficient, effective, and reliable water to its service area, ranging from Eagle-Vail through Cordillera; and

WHEREAS, extensive redevelopment is occurring in the Authority’s service area and such redevelopment is increasing the existing development density and water uses associated with certain redevelopment properties; and

WHEREAS, new development and water uses are occurring within the Authority’s service area; and

WHEREAS, the Authority may expand its boundaries and commit to serve properties not currently within its service area; and

WHEREAS, to accommodate the increase in water demands caused by redevelopment projects and new water uses within or outside its current service area, and to continue to provide efficient, effective, and reliable water to its service area as it may from time to time be expanded, the Authority seeks to establish a uniform water dedication policy for third-party developers seeking (i) increased water service for the redevelopment of property within the Authority’s service area or seeking new water service for properties not covered by existing taps or zoning, or (ii) water service for properties not currently within the Authority’s service area (“Developers”); and

WHEREAS, such water dedication policy needs to protect the general welfare of the residents in the service area.

BE IT RESOLVED,

1. **GENERAL POLICY.** The Authority adopts the general policy of conditioning certain water service upon either a dedication of water rights or a payment of cash in lieu of water rights. This general policy shall apply (A) to all new development or redevelopment within its service area that will require an increase in water use or a new water use not covered by existing taps or zoning, and (B) to all properties not currently within the Authority’s service area. For any redevelopment, this condition applies only to the difference between the projected increased water demand and the pre-redevelopment water demand. For example, if the pre-

redevelopment demand for a particular parcel of property is five consumptive acre-feet and the projected redevelopment water demand will increase demand to six consumptive acre-feet, the increase of one consumptive acre-foot will be subject to this water dedication policy. The increase may be as a result of increased density, increased landscaping, or any other change in use of the property that increases the water demand from the pre-redevelopment demand. There may also be situations where the water rights dedication or payment of cash in lieu is based on the diversion demand, not just the consumptive use of the water demand.

2. **DEDICATION OF WATER RIGHTS.** The dedication of water rights must provide the Authority with a dependable legal supply of water equal to one hundred and twenty percent (120%) of the water rights necessary to service the new or increased water requirements associated with the new development or redevelopment, or property not currently within the Authority's service area. Using the example in Paragraph 1, if the Authority agrees to accept a dedication of water rights, the Developer would be required to supply a dependable legal supply of water in the amount of 1.2 consumptive acre-feet (120% of the increase in demand of one acre-foot). All water dedication agreements or contracts between Developers and the Authority that provide water rights to the Authority under this policy shall be at the discretion of the Authority.

To the extent the Authority determines to accept a dedication of water rights, the following criteria shall be used in determining the type of water rights to be dedicated:

- (A) Shares of stock in the Eagle Park Reservoir Company representing the right to the annual release of water from Eagle Park and/or Homestake Reservoirs.
- (B) Water rights that could be used to enhance the yield of Eagle Park Reservoir.
- (C) Interests in consumptive use credits that are already decreed for diversion and use at the Authority diversion points.
- (D) Imported/transbasin water that is available for use in the Colorado River basin upstream of the Shoshone Power Plant.
- (E) Other water rights that can be integrated into the Authority's water system or used to enhance existing exchanges without significant expense.
- (F) All dedicated water rights must be owned in fee and cannot be based on a leasehold interest.
- (G) There shall be a preference for in-basin or imported water.
- (H) Only water rights senior to the 1922 Colorado River Compact shall be accepted.

3. **CASH IN LIEU OF WATER RIGHTS.** All water dedication agreements or contracts between Developers and the Authority that provide cash in lieu of water rights under this policy shall be at the discretion of the Authority, and shall be subject to the following additional conditions:

(A) The Authority has sufficient water rights to meet the new water service obligation.

(B) The Developer does not have access to the type of water rights that meet the Authority's criteria for acceptance of water rights.

(C) The water rights appurtenant to the land to be served have been previously severed.

(D) Cash payments based on 120% of the projected new or increased water use shall be valued based on the current market value of firm annual yield of in-basin storage, for example Eagle Park and Homestake Reservoirs, but shall not be less than the amount set forth on the attached Exhibit A.

(E) Cash payments shall be paid to the Authority to be used, at the discretion of the Authority, to develop and/or acquire additional in-basin or imported/transbasin water supplies for the Authority.

Notwithstanding the foregoing provisions of Paragraph 3(D) regarding the percentage of the amount of the cash in lieu fee, the Authority may choose in its sole discretion to reduce the percentage of the cash in lieu fee to an amount less than 120% where the Developer provides evidence acceptable to the Authority that the landscape design and water use fixtures of the development provide efficiencies that demonstrate a water use that is less than the Authority's projected new or increased water use that is used to calculate the cash in lieu fee; provided, however, in no event shall the cash in lieu fee be less than 100% of the amount of the projected new or increased water use.

The Authority may also choose in its sole discretion to eliminate any cash in lieu fee for the portions of a Developer's property that require the temporary irrigation of native grasses or trees for a period of a maximum of two years if the temporary irrigation is metered separately from other water uses on the property and billed at the Authority's irrigation rate.

4. **PAYMENT OF COSTS.** All payment of costs regarding water dedication agreements or contracts between Developers and the Authority under this policy shall be subject to the following conditions:

(A) In addition to the dedication of water rights under Paragraph 2 or cash payments under Paragraph 3(D), Developers shall be required to pay the Authority for all legal, engineering, and other costs incurred or which may be incurred by the Authority to evaluate and/or adjudicate any augmentation plan or other water court application, if necessary, to provide new or increased water service to any Developer's property.

(B) Where an engineering or legal evaluation is required by the Authority to implement the terms of this Policy, the Developer will be required to deposit with the Authority an initial fee of no less than \$5,000 to pay for the cost of such evaluation. The initial deposit shall be used to pay the costs of staff, legal consultants, engineering consultants, and other expenses that may be incurred by the Authority. These costs are separate and distinct from any other Tap Fees and other charges applicable to the development. This cost reimbursement charge is not related or credited to any other fee or the Authority. Deposit amounts in excess of the actual cost of the analysis will be refunded to the proponents of the development. A good faith effort will be made to generally account for the costs incurred, but the Authority shall not be obligated to provide a specific accounting of costs, but only a generalized estimate.

(C) Developers requiring an Ability to Serve Letter, as defined in **C.R.S § 29-20-304**, as evidence of sufficient water rights from the Authority for a land use permit application shall pay a refundable cash in lieu deposit to the Authority that is equal to twenty-five percent (25%) of the estimated cash payment under Paragraph 3(D). Following the receipt of such cash in lieu deposit, the Authority will issue a Conditional Capacity to Serve Letter to the relevant government authority that demonstrates the Authority will serve the project once certain conditions have been met, including the payment in full of cash in lieu fees. The cash in lieu deposit will be credited toward the final cash in lieu fee payment, which shall be calculated at the the current value of water rights set forth in Paragraph 3(D) at the time of payment of the full cash in lieu fees. Following the payment in full of cash in lieu fees and the execution of a Water Service Agreement, the Authority will provide the Developer with an Ability to Serve Letter as defined in **C.R.S § 29-20-304**. In the event water service is no longer required or desired for the Developer's property, any refund of the cash in lieu deposit shall be paid within 120 days written notice to the Authority. Any unpaid reimbursement costs described in Paragraphs 4(A) and (B) above owed to the Authority shall be withheld from the refund. The Authority will not refund a cash in lieu deposit once the property to which water service has been extended has obtained land use approval unless such land use approval is revoked or otherwise terminated by the relevant governmental authority.

(D) In the event water service is no longer required or desired for Developer's property, any refund of cash in lieu payment previously paid shall be at the sole discretion of the Authority. Where the Authority decides in its sole discretion to refund a cash in lieu payment, the Authority may charge a cancellation fee. The Authority will not refund a cash in lieu payment once the property to which water service has been extended has obtained land use approval unless such land use approval is revoked or otherwise terminated by the relevant governmental authority.

5. **APPLICABILITY OF POLICY.** Upon the referral from the Town of Avon or Eagle County for an ability to serve commitment, the Authority staff shall determine whether this policy is applicable to any property that is currently within the Authority's service area and that is being developed or redeveloped.

Approved this ____ day of _____, 2023.

UPPER EAGLE REGIONAL WATER AUTHORITY

By: _____
George Gregory, Chair

ATTEST:

By: _____
Kim Bell Williams, Secretary

Exhibit A

The cash in lieu payment under paragraph 3(D) of the Water Dedication Policy shall not be less than seventy thousand nine hundred and eighty-five dollars (\$70,985) per consumptive acre foot of water.

Bushong & Holleman PC

A t t o r n e y s • a t • L a w

1525 Spruce Street, Suite 200, Boulder, Colorado 80302

TO: Boards of Directors for the Eagle River Water & Sanitation and the Upper Eagle Regional Water Authority.

FROM: Steve Bushong

DATE: October 18, 2023

RE: PFAS Class Action Settlements

This is to inform you of two class action settlements reached in litigation over the presence of PFAS in drinking water that will affect many Public Water Systems (“PWS”) in the United States. ERWSD and UERWA are both a PWS that meets the qualifications to be class members to the settlements. As a result, ERWSD and UERWA will be bound by the terms of the settlements unless each opts-out by submitting requests for exclusion. ERWSD and UERWA will also be entitled to compensation under the settlements, but that will require claim documentation to be submitted. The following briefly summarizes the status and next steps:

1. A class action lawsuit in the United States District Court of South Carolina has resulted in settlements with two separate groups of defendants: (A) the 3M Company and (B) a group of five companies known collectively as DuPont. The settlements have been preliminarily approved by the district court. Pursuant to the settlements, 3M and DuPont collectively agreed to pay over \$11.5 billion dollars to class members to resolve claims related to PFAS contamination of public drinking water.
2. Unless a PWS opts-out, the class action settlements apply to all active PWS that have water sources showing measurable concentrations of PFAS as of June 2023. The settlements also apply to all active PWS that do not have water sources showing measurable concentrations of PFAS but are required to test for it under the EPA’s Fifth Unregulated Contaminant Monitoring Rule (UCMR 5) or, under the 3M settlement, that serve more than 3,300 people.
3. A PWS is defined in the settlements as “a system for the provision to the public of water for human consumption through pipes or other constructed conveyances, if such system has at least fifteen (15) service connections or regularly serves an average of at least twenty-five (25) individuals daily at least sixty (60) days out of the year.” This is consistent with the Safe Drinking Water Act, 42 U.S.C. § 300f(4)(A) and applicable regulations.

4. As noted above, ERWSD and UERWA are PWS as that term is defined above and in limited sampling of ERWSD and UERWA sources PFOS (or the related chemical PFOA) was detected below EPA's proposed health limit in some instances. ERWSD and UERWA are also required to sample for PFOS. Thus, ERWSD and UERWA are class members subject to the class-action settlements.
5. Any PWS seeking to opt-out of the class action settlements must file a request for exclusion no later than **December 4, 2023** (DuPont settlement) and **December 11, 2023** (3M settlement). If you do not opt-out – you are bound by the settlements.
5. If ERWSD and UERWA do not opt-out, each must complete a claims form for both the 3M and DuPont settlements to establish eligibility for compensation. The deadline to submit a claims form depends on your status within the class, but the earliest deadline is 60 days following the effective date of the settlements. The effective date will be determined after the Court's Final Fairness Hearing on December 14, 2023 (DuPont) and February 2, 2024 (3M).
6. We have identified some concerns with the settlements. This includes the June 2023 cutoff for identifying the PFOS issue that applies in some circumstances and the broad release provisions in the settlements. There are also benefits to participating as class members in terms of potential compensation without litigation. We are working with ERWSD and UERWA staff to estimate the potential compensation using the formulas available for each settlement.
7. All settlement class members may object to either of the settlements by filing a written and signed objection by **November 4, 2023**, for the DuPont settlement and **November 11, 2023**, for the 3M Settlement.
8. For those interested in more details, we can provide you with the district court-approved notices for each settlement. The following website is also a good source of information on the class-action settlements: <https://www.pfaswatersettlement.com/>. If more details are sought regarding the potential benefits and obligations of the PFAS settlements, we recommend engaging an attorney who is very involved in the PFAS issues. We have referral attorneys who we have been communicating with and can help coordinate engagement of such counsel should you desire.