

THE COLORADO BASIN ROUNDTABLE
C/O .PO. BOX 1120
GLENWOOD SPRINGS, COLORADO
81602

January 11, 2007

Mr. Rick Brown
Intrastate Water Management and Development Section
COLORADO WATER CONSERVATION BOARD
1580 Logan Street, Suite 600
Denver, CO 80203

Dear Rick:

At the December 18, 2006 Colorado Basin Roundtable (CBRT) meeting, the membership voted to pursue several projects, and are requesting that funding be allocated from the various funding sources available to support these projects. By previous letter, we have requested task order authorization for consultant work pursuant to HB 2006-1400, and are now requesting authorization and consideration for distribution of funds pursuant to SB 2005-179, either Basin funds or Statewide funds.

At the December 18th meeting, funding requests were considered for the following projects:

PROJECT AND AMOUNT REQUESTED	SOURCE
TOWN OF PALISADE-WHITEWATER PARK - \$100,000	BASIN
GRAND COUNTY/VAIL DITCH \$1,500,000	STATEWIDE
BULL CREEK RESERVOIRS \$150,000	BASIN
EAGLE PARK RESERVOIR \$250,000	STATEWIDE
ROARING FORK WATERSHED ASSESSMENT \$40,000	BASIN
GRAND COUNTY STREAMFLOW MANAGEMENT PLAN \$30,000	BASIN
RECOVERY PROGRAM 10,825 STUDY \$200,000	STATEWIDE
ENERGY DEVELOPMENT WATER NEEDS ASSESSMENT \$300,000	STATEWIDE

Project proponents were provided time to make presentations, along with questions from the Roundtable Members. Twenty-seven voting members of the Roundtable were present for this meeting, and after discussion, pre-printed ballots were distributed to all voting members. Members were instructed that even if a project had requested to be funded by Basin funds, they could vote for both or just for State wide funds, if they felt that the project should be funded, but did not want to support funding from the Basin funds.

After the ballots were filled out, they were collected by Rod Sharp, the CSU Extension Liaison, and were counted and transcribed to poster sheet. The By-Laws of the Colorado Basin Roundtable require a two-thirds majority vote of those present for any action, and thus 18 votes were required to support funding any proposal. With the exception of the Eagle Park Reservoir Enlargement Project, only the projects which were not recommended by the Roundtable for further consideration actually received any recorded "NO" votes. The Eagle Park Project received one "NO" vote, with 2 other ballots in which no vote was cast. In all other cases, individuals chose to not cast a vote in a particular category for a particular project, rather than casting a "NO" vote. All ballots were retained in the records of the Roundtable.

As a result of the discussion, review and balloting, the Colorado Basin Roundtable wishes to recommend the following projects for funding, to be considered at the March meeting of the Colorado Water Conservation Board.

SB 179 BASIN FUNDS

Roaring Fork Watershed Assessment
Grand County Streamflow Management Plan

SB 179 STATEWIDE FUNDS

Acquisition of Vail Ditch by Grand County Interests
Enlargement of Eagle Park Reservoir
Energy Development Water Needs Assessment
Upper Colorado Endangered Fish Recovery Program – Alternatives Analysis

The project recommended for Statewide funds were so recommended because they attempted to address multi-Basin issues and/or had multi-basin Roundtable support.

- a) The Acquisition of Vail Ditch is supported by Denver Water, and is an effort by Grand County entities to provide local solutions to water shortages due to transbasin diversions.
- b) The Enlargement of Eagle Park Reservoir is a continuation of the actions initiated in the Eagle River MOU, an agreement among various Eagle River Basin entities and the Homestake Partners.
- c) The Energy Development Water Needs Assessment is a joint project of the Colorado Basin and the Yampa-White Basin Roundtables in identifying and responding to the coming demands of major energy development in Garfield, Mesa, Rio Blanco and Moffat Counties.
- d) The Upper Colorado Endangered Fish Recovery Program – Alternative Analysis is a project currently supported by the Colorado Basin, South Platte Basin and Metro Basin Roundtables, with support from the

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Arkansas Basin Roundtable, and is intended to identify a permanent supply of 10,825 Acre Feet of annual yield to assist with the recovery of the Endangered Colorado River fishes, an obligation of all of the water users from the Upper Colorado Basin.

By this letter, I am forwarding the ballot tabulation from the December meeting, as well as the applications and supporting materials for these projects, with the exception of the Energy Needs Assessment Study, which is being submitted by the Yampa-White Basin Roundtable.

We have also established a "Project Consideration Procedures Committee" to develop timelines and written procedures for Project Review and Balloting. While the process functioned well for this first effort, there were areas which will be improved upon for the June submittal.

The Colorado Basin Roundtable appreciates the support of the Department of Natural Resources, the Colorado Water Conservation Board and the Interbasin Compact Committee in furthering the development of Colorado's water and in fostering interbasin communications and discussions. We believe that these projects will assist in this effort.

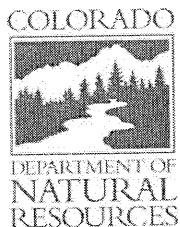
Sincerely yours,



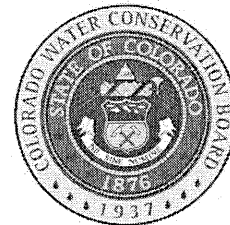
David H. Merritt, P.E.
Chair, Colorado Basin Roundtable

Attachments:
Ballot Tally
Vail Ditch Project Grant Application
10,825 Study Application
Roaring Fork Watershed Assessment Application
Grand County Stream Management Application
Eagle Park Reservoir Enlargement Application

cc: Mr. Eric Hecox (*via e-mail*)



COLORADO WATER CONSERVATION BOARD



WATER SUPPLY RESERVE ACCOUNT 2006-2007 GRANT APPLICATION FORM

Eagle Park Reservoir Enlargement

Eagle River Basin

Name of Water Activity/Project

River Basin Location

\$250,000

☐

Basin Account

☒

Yes

☒

Statewide Account

☐

No

Amount of Funds Requested

Please Check Applicable Box

Approval Letter Signed By
Roundtable Chair and
Description of Results of
Evaluation and Approval
Process

*** For the Basin Account, the Application Deadline is 60 Days Prior to the Bimonthly CWCB meeting. The CWCB meetings are posted at www.cwcb.state.co.us and are generally the third week of the month.**
*** For the Statewide Account, the Application Deadline is 60 Days Prior to the March and September CWCB Board Meetings.**

*** In completing the application you may attach additional sheets if the form does not provide adequate space. If additional sheets are attached please be sure to reference the section number of the application that you are addressing (i.e., A.1. etc.).**

Instructions: This application form should be emailed, typed, or printed neatly. The Water Supply Reserve Account Criteria and Guidelines can be found at <http://cwcb.state.co.us/IWMD/>. **The criteria and guidelines should be reviewed and followed when completing this application.** You may attach additional sheets as necessary to fully answer any question, or to provide additional information that you feel would be helpful in evaluating this application. Include with your application a cover letter summarizing your request for a grant. If you have difficulty with any part of the application, contact Rick Brown of the Intrastate Water Management and Development (Colorado Water Conservation Board) for assistance, at (303) 866-3514 or email Rick at rick.brown@state.co.us.

Generally, the applicant is also the prospective owner and sponsor of the proposed water activity. If this is not the case, contact the Rick Brown before completing this application.

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

Part A. - Description of the Applicant (Project Sponsor or Owner);

1. Applicant Name(s): Eagle Park Reservoir Company (EPRC)

Mailing address:

Eagle Park Reservoir Company
846 Forest Road
Vail, Colorado 81657

Taxpayer ID#: 84-1466177

Email address:

dgelvin@erwsd.org

Phone Numbers: Business:

970-476-7480

Home:

NA

Fax:

970-476-4089

2. Person to contact regarding this application if different from above:

Name:

Dennis Gelvin

Position/Title

Assistant Secretary, EPRC

3. Provide a brief description of your organization below: Refer to Part 2 of criteria and guidance for required Information. Attach additional sheet(s) as needed.

See Part A, Section 3 of Attachment A

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

Part B. - Description of the Water Activity – Please Refer to Criteria and Guidance Document for Eligibly Criteria

1. Name of water activity/project:

Eagle Park Reservoir Enlargement

2. What is the purpose of this grant application? Check one.

- ☒ Environmental compliance and feasibility study
- ☒ Technical assistance regarding permitting, feasibility studies, and environmental compliance
- ☒ Studies or analysis of structural, nonstructural, consumptive, nonconsumptive water needs, projects, or activities (Please specify) ¹**Studies and analysis of structural project**
- ☒ Structural and/or nonstructural water project or activity

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

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3. Please provide an overview of water project or activity to be funded including – type of activity, statement of what the activity is intended to accomplish, the need for the activity, the problems and opportunities to be addressed, expectations of the participants, why the activity is important, the service area or geographic location, and any relevant issues etc. Please include any relevant Tabor issues. Please refer to Part 2 of criteria and guidance document for additional detail on information to include. Attach additional sheets as needed.

See Part B, Section 3 of Attachment A

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

4. Please provide a brief narrative of any related or relevant previous studies. Attach additional sheets as needed.

See Part B, Section 4 of Attachment A

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

5. Please provide a copy of the proposed scope of work. Please refer to Part 2 of the criteria and guidance document for detailed requirements. Attach additional sheets as needed.

See Part B, Section 5 of Attachment A

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

6. List the names and addresses of any technical or legal consultants retained to represent the applicant or to conduct investigations for the water activity/project.

Name	Address/Phone Number
Aquatic Biology: Bill Miller	Miller Ecological Consultants, Inc. 2111 South College Ave., Unit D Ft. Collins, CO 80525-5404 970-224-4505 ext. 101
Design Engineering: Leo Eisel	Brown & Caldwell 1697 Cole Boulevard, Suite 200 Golden, CO 80401 303-239-5400
Hydrology: Thomas A. Williamsen	Helton & Williamsen, P.C. 384 Inverness Drive South, Suite 144 Englewood, CO 80112 303-792-2161
Legal: Glenn E. Porzak	Porzak Browning & Bushong, LLP 929 Pearl Street, Suite 300 Boulder, CO 80302 303-443-6800
Permitting: Robert M. Weaver	Hydrosphere Resource Consultants, Inc. 1002 Walnut Street, Suite 200 Boulder, CO 80302 303-443-7839
Surveying: Robert Buckley, Jr., PLS	Western States Surveying, Inc. 12753 S. Parker Road, Suite 205 Parker, CO 80134-3486 303-841-7436
Wetlands: Steven D. Steffens	Steffens and Associates, Inc. 420 Aspen Place Golden, CO 80403 303-216-1801
Geotechnical: John P. Ballegeer	GEI Consultants 6950 S. Potomac Street, Suite 300 Centennial, CO 80113 303-662-0100

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

7. Water Availability and Sustainability – this information is needed to assess the viability and effectiveness of the water project or activity. Please provide a description of each water supply source to be utilized for, or the water body to be affected by, the water activity. For water supply sources being utilized, describe its location, yield, extent of development, and water right status. For water bodies being affected, describe its location, extent of development, and the expected effect of the water activity on the water body, in either case, the analysis should take into consideration a reasonable range of hydrologic variation. Attach additional sheets as needed.

See Part B, Section 7 of Attachment A

8. If you have not specifically and fully addressed the Evaluation Criteria found in Part 3 of the criteria and guidance document please provide additional detail here. Attach additional sheet(s) if needed.

See Part B, Section 8 of Attachment A

Water Supply Reserve Account – Grant Application Form

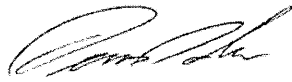
Form Revised October 2006

9. Additional Information – If you feel you would like to add any additional pertinent information please feel free to do so here. Attach additional sheets as needed.

NA

The above statements are true to the best of my knowledge:

Signature of Applicant:



Print Applicant's Name: Dennis Gelvin

Return this application to:

Mr. Rick Brown
Intrastate Water Management and Development Section
COLORADO WATER CONSERVATION BOARD
1580 Logan Street, Suite 600
Denver, CO 80203

To submit applications by Email, send to: rick.brown@state.co.us

Water Supply Reserve Account – Grant Application Form

Form Revised October 2006

The following information is available via the internet. The reference information provides additional detail and background information regarding these criteria and guidelines and water policy issues affecting our state.

Colorado Water Conservation Board Policies

Loan and Grant policies and information are available at - <http://cwcb.state.co.us/Finance/>

Water Supply Reserve Account Criteria and Guidelines –

http://cwcb.state.co.us/IWMD/tools.htm#Water_Supply_Reserve_Account

Interbasin Compact Committee and Basin Roundtables

Interbasin Compact Committee By-laws and Charter –

<http://dnr.state.co.us/Home/ColoradoWaterforthe21stCentury/Interbasin+Compact+Committee/IbccHomePage.htm>

Basin Roundtable By-laws –

<http://dnr.state.co.us/Home/ColoradoWaterforthe21stCentury/IbccHome.htm>

Legislation

House Bill 05-1177 - Also known as the Water for the 21st Century Act –

<http://cwcb.state.co.us/IWMD/statutes.htm>

House Bill 06-1400 – Adopted the Interbasin Compact Committee Charter –

<http://cwcb.state.co.us/IWMD/statutes.htm>

Senate Bill 06-179 – Created the Water Supply Reserve Account –

<http://cwcb.state.co.us/IWMD/statutes.htm>

Statewide Water Supply Initiative

General Information - <http://cwcb.state.co.us/IWMD/>

Phase 1 Report - <http://cwcb.state.co.us/IWMD/PhaseIReport.htm>

ATTACHMENT A

PART A

3. Provide a brief description of your organization below: Refer to Part 2 of criteria and guidance for required information. Attach additional sheet(s) as needed.

The Eagle Park Reservoir Company (EPRC) is a Colorado non-profit mutual ditch and reservoir company, established in 1998 under the Colorado Non-Profit Corporation Act and § 7-42-101, et seq., C.R.S. The primary shareholders of the Eagle Park Reservoir Company are the Eagle River Water & Sanitation District, the Upper Eagle Regional Water Authority, the Colorado River Water Conservation District and Vail Associates, Inc. Summary descriptions of the EPRC shareholders are included below.

The Eagle River Water & Sanitation District (the "District") is a quasi-municipal corporation and a political subdivision of the State of Colorado which was formed on July 1, 1996, with the consolidation of Upper Eagle Valley Consolidated Sanitation District and Vail Valley Consolidated Water District. The Upper Eagle Regional Water Authority (the "Authority") is a quasi-municipal corporation formed on September 18, 1984. The District's and Authority's water supply and wastewater systems service areas include the towns of Vail, Minturn, and Avon, and encompass the mixed-use developments served by the Arrowhead, Beaver Creek, Berry Creek, Eagle-Vail, Edwards, Bachelor Gulch, and Cordillera Metropolitan Districts. The District currently manages a system that serves 24,778 water and 25,155 wastewater single-family equivalent units (SFEs). While the District's and Authority's permanent population are estimated to be approximately 20,000, its population during peak season exceeds 40,500 residents due to the influx of temporary residents for recreation and tourism purposes during the winter and summer seasons.

The Colorado River Water Conservation District is a public water policy agency established in 1937 to protect and facilitate the development and management of the Colorado River and its tributaries. The River District is comprised of 15 west slope counties including Moffat, Routt, Grand, Eagle, Summit, Pitkin, Gunnison, Rio Blanco, Garfield, Mesa, Ouray, Delta, and portions of Montrose, Saguache and Hinsdale. The River District covers approximately 29,000 square miles, roughly 28% of the land area of Colorado. The River District has developed a water marketing program to provide water for entities that are outside the boundaries of existing water district service areas. The marketing program for the River District's share of the Eagle Park Reservoir is now fully subscribed and additional water is needed to meet growing demands.

Vail Associates, Inc. owns and operates the Vail and Beaver Creek ski areas located in Eagle County. The Vail Ski Area, established in 1962, is located adjacent to the Town of Vail, approximately 12 miles west of Vail Pass. The Vail Ski Area encompasses 12,590 acres with about 5,164 acres of skiable terrain and is currently the largest destination ski resort in the United States. The Beaver Creek Ski Area, established in 1976, includes about 4,975 acres with approximately 1,625 acres of skiable terrain. The Vail and Beaver Creek Ski Areas operate snowmaking systems to enhance the reliability of early season

skiing, maintain adequate snow coverage in high skier traffic areas, and to supplement natural snow during period of drought. Snowmaking capabilities are also required for race event terrain and to create terrain modifications including half pipes, terrain gardens, race starts and pro jumps.

The snowmaking system at Vail currently provides coverage to 390 acres of ski slopes and trails. Subject to Forest Service approval, Vail Mountain plans to eventually expand snowmaking coverage to include an additional 369 acres of ski terrain, which would increase the snowmaking coverage area to a total of 759 acres. During recent years, snowmaking water usage at Vail has averaged about 400 acre-feet per year and this demand is expected to eventually grow to about 700 acre-feet per year.

The Beaver Creek Ski Area snowmaking system currently covers about 580 acres of ski terrain. The Beaver Creek snowmaking system will be expanded to cover an additional 120 acres of ski slopes and trails, which would increase the coverage area to a total of about 700 acres. During recent years, water usage at Beaver Creek has averaged about 558 acre-feet per year and this demand is expected to eventually grow to about 900 acre-feet per year.

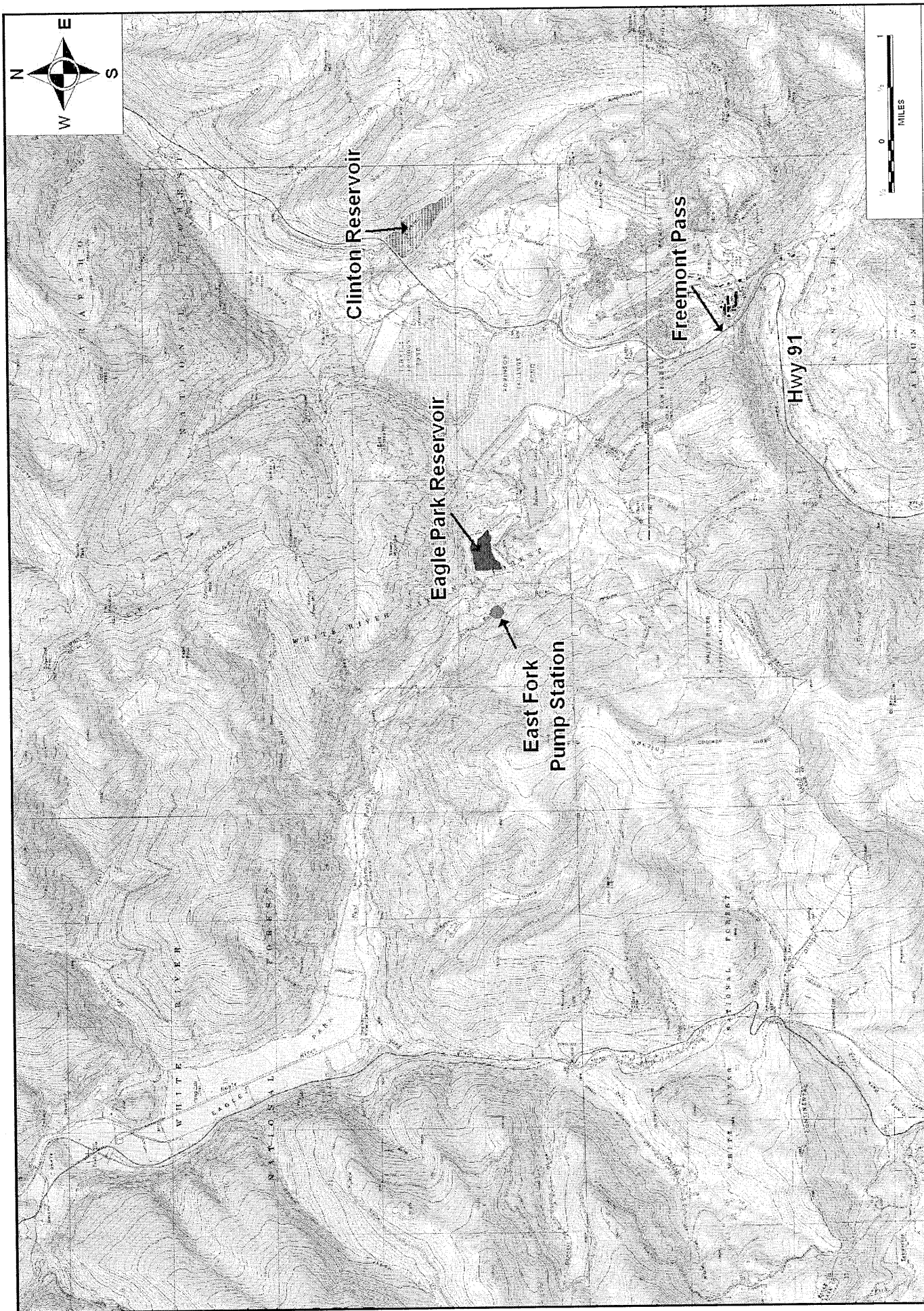
Sources of revenue for the District are primarily property tax mill levies, taps fees, and water sales. The Authority's revenue sources are tap fees and water sales. Ski area revenues are primarily from the sale of lift tickets. As a private mutual ditch company, the Eagle Park Reservoir Company meets the Senate Bill 06-179 requirement for eligibility to apply for a grant or loan. The EPRC Articles of Incorporation and By-laws are included with this application as Attachment B. A list of EPRC company share ownership and distribution is included below in Table 1. Descriptions of share classes can be found in the EPRC Articles of Incorporation.

PART B

3. Please provide an overview of water project or activity to be funded including – type of activity, statement of what the activity is intended to accomplish, the need for the activity, the problems and opportunities to be addressed, expectations of the participants, why the activity is important, the service area or geographic location, and any relevant issues etc. Please include any relevant Tabor issues. Please refer to Part 2 of criteria and guidance document for additional detail on information to include. Attach additional sheets as needed.

The purpose and need for the proposed reservoir enlargement is to provide additional water during late summer, fall and winter months to meet growing water supply needs in Eagle County. The Eagle Park Reservoir is located in Eagle County in the headwaters of the East Fork of the Eagle River near the Climax Mine (Figure 1). The reservoir is an off channel reservoir which is tributary to the East Fork of the Eagle River. The reservoir is located on property formerly owned by the Climax Molybdenum Company at the Climax Mine and was originally used to store mine tailings. As part of the mine reclamation process, Climax completed the removal of tailings deposits from the reservoir in 1996 and converted the facility to a fresh water storage reservoir. The EPRC purchased the Eagle Park Reservoir and associated real property and water rights, located in Eagle County, Colorado at the Climax Mine, in 1998 for irrigation, municipal, industrial and environmental water supply purposes.

The Eagle Park Reservoir currently has a total storage capacity of 3,148 acre feet and an estimated dry-year yield of 2,013 acre-feet. The reservoir stores water from the upstream drainage area and diversions from the Chalk Mountain Interceptor. Historically, water imported to the basin from the Arkansas Well was also stored in Eagle Park when inflows from the primary sources of runoff were insufficient to fill the reservoir. Construction of the East Fork diversion facility, pump station, and pipeline to the reservoir was completed in the fall of 2006 and operations are expected to begin this spring. The primary purpose of the pump station is to replace the Arkansas Well water. The construction of the diversion facility and pump station on the East Fork of the Eagle River meets conditions to return the right to use Arkansas Well water to the Climax Molybdenum Company. This is expected to occur in the spring of 2007 once the pump station has been tested.



**Eagle Park Reservoir Enlargement
Location Map**



**Figure 1
12/15/2006**

The project will raise the elevation of the existing spillway, which controls the reservoir elevation, by 2.5 feet. This will provide an additional 153.3 acre-feet of storage capacity. Operation of the proposed reservoir enlargement will result in small increases in the amount of water diverted into storage during spring runoff and available for release during low-flow periods in the late summer, fall and winter. The resulting changes in the reservoir surface elevation, surface area, capacity, and yield are summarized in Table 2.

**Table 2. Proposed Eagle Park Reservoir Enlargement
Summary of Dam and Reservoir Changes**

Parameter	Existing Reservoir	Change	Proposed Reservoir
Dam spillway elevation	10,717.5 ft.	2.5 ft.	10,720.0 ft.
Maximum storage capacity	3,148.3 AF	153.3 AF	3,301.6 AF
Maximum reservoir surface area	60.3 acres	2.2 acres	62.5 acres
Firm annual yield	2,013.0 AF	78.0 AF	2,091.0 AF

An application to enlarge the reservoir has been submitted to the State Engineers Office and is currently under review. Reservoir enlargement construction is scheduled to occur during the summer and fall of 2007.

The Eagle Park Reservoir Company service area is in Eagle County, whose permanent population has grown from 21,928 in 1990 to 47,990 in 2004, making it one of the fastest growing counties in the United States. Employment and retail sales data for Eagle County indicate that approximately 85% of employment and 90% of retail trade is ultimately derived from tourism including skiing, other summer and winter visitor activities and related services. Population growth projections developed by the Colorado Department of Local Affairs indicate that the population of Eagle County could grow to over 86,000 by 2030. The Eagle Park Reservoir is operated to replace out-of-priority water diversions and depletions caused by downstream municipal water supply systems that serve Vail, Avon and other communities in Eagle County and by snowmaking at the Vail and Beaver Creek Ski Areas.

Figure 2 provides a map of the Eagle River Basin with a schematic overlay showing water supply system facilities. Major surface water features include the Eagle River and its tributaries. Primary storage reservoirs include the Eagle Park Reservoir, Homestake Reservoir and Black Lakes. Groundwater resources in the county consist primarily of alluvial groundwater associated with drainages. There are no established groundwater districts.

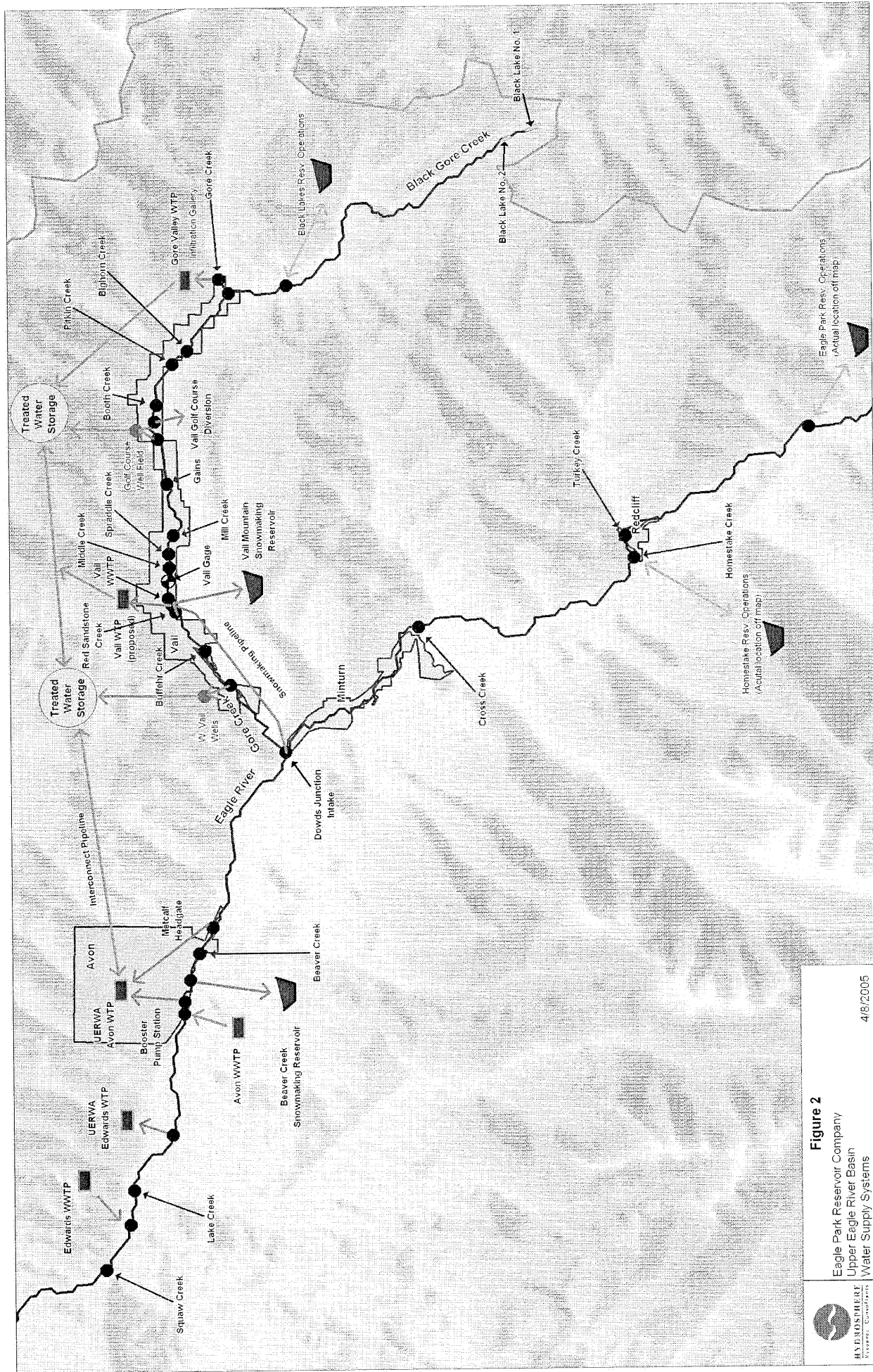


Figure 2

Eagle Park Reservoir Company
Upper Eagle River Basin
Water Supply Systems

4/8/2005



During the critical low streamflow winter months, water use in Eagle County is limited by the senior water rights for the Shoshone Power Plant located on the Colorado River in Glenwood Canyon. When the flow in the Colorado River is not sufficient to fulfill the Shoshone water rights, the power plant places a "call" on the river which results in the curtailment of water rights that are junior to January 7, 1902. When this call is on, junior water rights on the Colorado River and its tributaries above Dotsero must curtail their diversions unless they have a source of "augmentation" water that can be released to meet the call. During the fall and winter months, most of the water rights for snowmaking and domestic uses in Eagle County are junior to the Shoshone call and require augmentation. One of the primary purposes of the Eagle Park Reservoir storage is to augment water diversions during periods when the Shoshone call is in effect. In addition, some of the water rights for snowmaking and domestic uses in Eagle County are junior to instream flow water rights held by the Colorado Water Conservation Board (CWCB) for protection of the Eagle River fishery. Water released from Eagle Park Reservoir also serves to replace downstream out-of-priority water diversions from the Eagle River and enhances instream flows during critical low-flow periods. Whenever water users in the Eagle River basin can use in-basin sources of supply, such as the Eagle Park Reservoir, to replace out of priority diversions rather than water from Woford Mountain or Green Mountain reservoirs on the mainstem of the Colorado River it is beneficial to basin streamflows.

Grant funding is being requested from the Statewide Account in the amount of \$250,000. The Eagle Park Reservoir Company would provide approximately \$118,707 in matching funds (32%) towards the total project cost of \$368,707. Grant funding would be used to cover up to 68% of the costs associated with final design engineering, environmental studies, permitting, construction and mitigation of 0.27 acre of wetlands impacts. The EPRC is a private company and is not subject to the Tabor amendment.

At the Colorado River Basin Roundtable's (BRT) December 18, 2006 meeting, board members voted unanimously to support a grant request for Statewide Funds for the Eagle Park Reservoir Enlargement project. Additional details can be found in the cover letter from David Merritt, the Chair of the Colorado River BRT under which this grant request is submitted.

PART B

4. Please provide a brief narrative of any related or relevant previous studies. Attach additional sheets as needed.

Following are brief summaries of the results of previous studies and how they will be utilized.

Eagle Park Reservoir Project Feasibility Report (Helton and Williamsen, P.C., 1997): This report describes the Eagle Park Reservoir Project, its water sources and water rights, and presents the results of computer modeling to simulate performance of the project based upon hydrologic conditions for the study period of 1947 through 1993. For the study period, it was found that the water supply for the project averaged 4,215 acre-feet per year and that the reservoir would develop a dry-year yield of 2,013 acre-feet. The report also provides an estimate of the fair market value of water rights committed to the Eagle Park Reservoir project.

Documentation of Water Quality at the Eagle Park Reservoir 2004 Surety Reduction Phase Report (Prepared for Eagle Park Reservoir Company by Golder Associates, Inc. 2004): This report was the most recent of a series of water quality monitoring studies documenting water quality conditions at Eagle Park Reservoir. The report found that water released from Eagle Park Reservoir met all of the applicable water quality standards with the exception of occasional exceedances of the standard for ammonia (nitrogen), which were likely associated with atmospheric deposition and/or background conditions.

Feasibility Study, Eagle Park Reservoir Enlargement (Prepared for Eagle Park Reservoir Company by Brown and Caldwell, 2005): The purpose of this study was to determine the feasibility of increasing the storage capacity and yield of Eagle Park Reservoir under alternative scenarios involving increases in the elevation and/or width of the existing spillway. This study found that if the spillway elevation is raised by more than 2.5 feet, additional modifications to increase the width of the spillway and/or the elevation of the dam crest would be needed to meet dam safety requirements. This report also included a preliminary dam stability analysis that indicated that the proposed reservoir enlargement should have negligible impact on the dam embankment stability and recommended additional analysis to further verify embankment material properties and foundation conditions.

Eagle Park Reservoir Flood Hydrology Report (Prepared for Eagle Park Reservoir Company by Brown and Caldwell, 2005): This report presents the results of flood hydrology and reservoir modeling for the proposed expansion of Eagle Park Reservoir. The report concluded that if the spillway is raised by 2.5 feet, to an elevation of 10,720.0 feet, the resulting peak water surface elevation under the 75% PMP design storm would be 10,724.0 feet and the peak discharge would be 1,133 cfs. Under these conditions, it was found that the flood freeboard and spillway capacity would satisfy the SEO dam

safety requirements. This report has been submitted to the SEO as part of the Application for review of Plans and Specifications for construction of the proposed project.

Design Report, Eagle Park Reservoir Spillway Modification, Water Division 5, Water District 37, Eagle County, Colorado (Prepared for Eagle Park Reservoir Company by Brown and Caldwell, 2006): This report was prepared specifically for the application submitted to the Dam Safety Branch of the Colorado State Engineer's Office for their review of the project. The report follows the outline set forth in the Colorado Division of Water Resources "Rules and Regulations for Dam Safety and Dam Construction, Rule No. 5, Requirements for Construction or Enlargement of the Jurisdictional Size Dams or Reservoirs". The report focuses primarily on the design and dam modifications associated with the project.

Geotechnical Data Report, Eagle Park Dam and Reservoir Enlargement (Prepared for the Eagle Park Reservoir Company by GEI Consultants, Inc., 2006): This report presents the results of geotechnical investigations of proposed Eagle Park Reservoir Enlargement which included drilling of seven exploratory boreholes at the existing dam. The report includes a summary of field investigations conducted in the fall of 2005 and provides documentation of drilling operations, logging of soil and bedrock samples and laboratory analysis of samples. This report provides supporting data for the Geotechnical Evaluations Report described below and is being used to support the applications submitted to the SEO for review of the plans and specifications for the project.

Geotechnical Evaluations Report, Eagle Park Dam and Reservoir Enlargement (Prepared for the Eagle Park Reservoir Company by GEI Consultants, Inc., 2006): The purpose this investigation was to evaluate site geotechnical conditions at Eagle Park Dam. The study included a review of available site information related to previous geotechnical investigations for the existing Eagle Park Dam. This report presents results of analysis of dam embankment and foundation conditions, stability and deformation of the dam embankment, seepage through the dam embankment and foundation, and subsurface conditions along the spillway channel. Information from the report is being used in the design of the spillway improvements and to support the SEO review process.

Preliminary Draft Wetlands Delineation Report for Eagle Park Reservoir Enlargement (Prepared for Eagle Park Reservoir Company by Steffens and Associates, Inc. 2006): This report details the results of wetlands delineation in areas that would be impacted by the reservoir enlargement. The study identified 0.27 acres of wetlands along the existing shoreline of the reservoir that will be inundated when the enlarged reservoir is full. The report also includes a conceptual wetlands mitigation plan that identifies two locations for potential on-site restoration of wetlands and the creation of new wetlands that would provide up to 0.54 acres of mitigation. This report provides supporting documentation for the Army Corps of Engineers 404 Permit Application.

PART B

5. Please provide a copy of the proposed scope of work. Please refer to Part 2 of the criteria and guidance document for detailed requirements. Attach additional sheets as needed.

Following is a detailed summary of the Scope of Work needed to complete the design, permitting and construction of the proposed Eagle Park Reservoir Enlargement. The description of each task in the Scope of Work includes a summary of the activities to be undertaken and the final work products and deliverables to be produced. Tables 3 and 4, following the task descriptions, summarize the schedule and budget for completion of the Scope of Work. A list of technical and legal consultants retained for this project is provided in Part B, Section 6.

Task 1: Reservoir Enlargement Design Engineering and Application to the Office of the State Engineer

The activities and work products included in this task involve the preparation of final design drawings and specifications, completion of construction bid and contract documents and consultation with the State Engineer's Office (SEO) during their review of the plans and specifications for the project.

Task 2: Geotechnical Investigations

A complete dam safety geotechnical analysis has been completed by GEI Consultants and included in the application that has been submitted to the SEO for the review of the plans and specification for the project. The Geotechnical Analysis included the following activities:

- Review of available site information related to geotechnical investigations for the existing Eagle Park Dam.
- Drilling of seven exploratory boreholes at the existing Dam with documentation of drilling operations, logging of soil and bedrock samples and laboratory analysis of samples.
- Preparation of the Geotechnical Data Report to summarize the field investigation and the laboratory testing programs.
- Investigation of dam embankment and foundation conditions.
- Stability and deformation analysis of the dam embankment.
- Analysis of seepage through the dam embankment and foundation.
- Installation of piezometers in the dam embankment and foundation.
- Investigation of subsurface conditions along the spillway channel for use in the design of the spillway improvements.
- Preparation of the Geotechnical Evaluation Report.

Additional work under this task may be required to address questions and issues that may arise in the permitting processes.

Task 3: Environmental Studies and Permitting

The activities included in this task involve the preparation of applications for an Army Corps of Engineers Section 404 Permit and supporting Nation Environmental Policy Act (NEPA) compliance documentation. In addition, this task includes the preparation of an application for amendment of the Eagle County 1041 Permit for Eagle Park Reservoir. The activities and work products included in this task consist of the following:

- Instream flow, Fish and Macroinvertebrate Investigations – This activity includes a hydrologic analysis to determine the potential impacts of the proposed project in streamflows in the East Fork of the Eagle River, field surveys of fish and macroinvertebrates, and aquatic habitat evaluation using hydraulic modeling to determine relationships between streamflows and habitat characteristics. The work product for this task will be a final report detailing the results of these investigations.
- Wetland Delineation and Impact Assessment – This activity involves the delineation and survey of wetland areas along the shoreline of the existing reservoir that would be inundated by the proposed enlargement. The delineation and survey work was completed during the spring of 2006 and has determined that the proposed project would impact 0.27 acres of wetlands. The work product for this task will be a Final Wetlands Delineation Report, which will be submitted to the Corps of Engineers with the 404 Permit Application.
- Wetlands Mitigation Plan – Two locations have been identified in areas that will be adjacent to the shoreline of the enlarged reservoir that would be suitable for mitigation of wetlands impacts. These areas would be recontoured as needed to establish appropriate hydrologic conditions for wetlands, top soil would be imported and wetlands constructed to create up to 0.54 acres of new wetlands. The activities needed to complete this work include negotiations with the Army Corps of Engineers to gain approval of the proposed mitigation concept and preparation of detailed design plans and specifications for construction. The work product for this task will be the design plans and specifications to be incorporated into the bid documents for construction of the proposed project.
- Army Corps of Engineers, 404 Permit – An Application for Department of the Army Permit (33 CFR 325) must be prepared, submitted and approved by the Corps of Engineers prior to construction of the project. The proposed project meets the Corps' requirements of Nationwide Permit No. 7 for Outfall Structures and Maintenance. Notification requirements associated with this permit require the applicant to submit a detailed description of the proposed project, its purpose and need, potential impacts to waters of the United States and proposed plans for mitigation of wetlands impacts. This task also includes the documentation needed for Section 7 consultation under the

requirements of the Endangered Species Act and consultation with the Corps of Engineers as necessary to answer questions and respond to issues during the approval process. The work products associated with this task include the 404 Permit Application, supporting documentation, and final approval from the Corps for project construction.

- Eagle County 1041 Permit - The Eagle County 1041 Permit for the existing Eagle Park Reservoir was approved in July of 1998 (Resolution No. 98-88). Under the recently approved Guidelines and Regulations for Matters of State Interest, a process has been established for the amendment of existing 1041 Permits. The information needed to meet the submittal requirements for a permit amendment includes a description of the proposed project, site plan, vicinity map, impact mitigation plan, and a detailed analysis of project compliance with the applicable approval criteria. This task also involves consultation with County staff as needed during the approval process. The work products for this task consist of the 1041 Amendment Application and supporting documentation and final approval from Eagle County.

Task 4: Legal Agreement for Land Acquisition

The primary activity included in this task involves the negotiation of an agreement between the ERPC and the Climax Molybdenum Company to provide for a land exchange to accommodate the reservoir expansion. The land exchange will convey 1.987 acres of surplus land owned by EPRC at several locations around the reservoir for 1.987 acres of land owned by Climax along the shoreline of the existing reservoir. This exchange will provide all of the land necessary to accommodate the operation of Eagle Park Reservoir with the proposed enlargement, including sufficient land around the shoreline of the reservoir to accommodate the additional inundation that would occur with an inflow design flood event. The final work products resulting from this task will be the legal documents needed to complete the land exchange transaction.

Task 5: Survey and Legal Descriptions

This task involves topographic and property boundary surveying around the perimeter of the reservoir to identify areas currently owned by the ERPC that are not needed for reservoir operations and expansion and areas owned by Climax Molybdenum Company that are needed for the reservoir enlargement. In addition, the survey incorporated areas needed by ERPC to establish wetlands mitigation sites. The work products for this task include the legal descriptions and maps showing the land areas around the reservoir to be exchanged between the EPRC and Climax.

Task 6: Project Construction

Following completion of Tasks 1 – 5, as summarized above, the Eagle Park Reservoir Enlargement will be ready for construction. The first step in the construction process involves advertising for bids from construction companies and selection of a construction contractor. Construction of the project will include the installation of a reinforced concrete weir in the dam spillway on top of the existing concrete apron, other spillway improvements, and construction of the wetlands mitigation site(s). In addition, this task

includes construction engineering and inspection. The work products for this task include 153.3 acre-feet of additional storage capacity in the Eagle Park Reservoir with 78 acre-feet of firm annual yield to be available for release during the late summer, fall and winter months for domestic and snowmaking uses in Eagle County.

Schedule and Budget

Scope of Work activities related to field investigations for environmental permitting studies were initiated during the summer of 2002, followed by engineering, geotechnical and design studies which were initiated in 2005. The start dates and scheduled completion dates for each task are delineated below in Table 3

Table 3. Eagle Park Reservoir Enlargement Project Schedule

Task	Description	Responsible Party	Start Date	Finish Date
1	Design Engineering & SEO App.	Brown & Caldwell	1/1/05	5/31/07
2	Geotechnical Investigations	GEI Consultants	6/1/05	5/31/07
3	Environmental Permitting	Hydrosphere/Miller/ Steffens	8/1/02	5/31/07
4	Legal Agreements	Porzak, Browning & Bushong	1/1/05	3/31/07
5	Survey and Legal Descriptions	Western States Survey	5/1/06	6/20/06
6	Project Construction	To be determined	6/1/07	10/31/07

The total budget for completion of the Scope of Work is current estimated at \$368,707. The budget for each task, including the proposed funding sources, is shown below in Table 4. The source of matching funds is from the assessment of EPRC shareholders in accordance with applicable provisions of the EPRC Articles of Incorporation and Bylaws (Attachment B).

Table 4. Eagle Park Reservoir Enlargement Budget

Task	Description	Grant Funds	Matching funds	Totals
1	Design Engineering & SEO App.	53,220	25,270	78,490
2	Geotechnical Investigations	61,455	29,183	90,638
3	Environmental Permitting	43,633	20,718	64,351
4	Legal Agreements	21,843	10,372	32,215
5	Survey and Legal Descriptions	6,050	2,873	8,923
6	Project Construction	63,798	30,292	94,090
Totals		250,000	118,707	368,707

PART B

7. Water Availability and Sustainability – this information is needed to assess the viability and effectiveness of the water project or activity. Please provide a description of each water supply source to be utilized for, or the water body to be affected by, the water activity. For water supply sources being utilized, describe its location, yield, extent of development, and water right status. For water bodies being affected, describe its location, extent of development, and the expected effect of the water activity on the water body, in either case, the analysis should take into consideration a reasonable range of hydrologic variation. Attach additional sheets as needed.

Eagle Park Reservoir currently has a total storage capacity of 3,148 acre feet and an estimated dry-year yield of 2,013 acre-feet. The reservoir stores water from two primary sources: 1) runoff from the drainage area upstream of the reservoir and 2) diversions from the Chalk Mountain Interceptor. Water imported to the basin from the Arkansas Well has also been stored in Eagle Park when inflows from the primary sources of runoff have not been sufficient to fill the reservoir. Under an agreement between Climax Molybdenum Company and Eagle Park Reservoir Company, the right to the use of the Arkansas Well water can be returned to Climax with construction of a diversion facility and pump station on the East Fork of the Eagle River. Climax Mine recently completed construction of the East Fork diversion facility, pump station, and pipeline to Eagle Park Reservoir and it is expected that these facilities will become operational in the spring of 2007.

Water diversions to storage at Eagle Park Reservoir occur during spring runoff and water releases occur primarily during the late summer, fall and winter months. The Colorado Water Conservation Board (CWCB) has year-round instream flow water rights on the East Fork of the Eagle River for 1.5 cubic feet per second (cfs) from the headwaters to the confluence of Cataract Creek and 2 cfs from Cataract Creek to the confluence of the South Fork of the Eagle River at Camp Hale. The amount of water released from reservoir storage varies from year to year depending upon the augmentation requirements of the participating water users and instream flow conditions.

As previously described under Part B, Section 3, the purpose and need for the proposed reservoir enlargement is to meet growing water supply needs in Eagle County. During the critical low-streamflow winter months, water use in Eagle County is limited by the senior water rights for the Shoshone Power Plant located on the Colorado River in Glenwood Canyon. When the flow in the Colorado River is not sufficient to fulfill the Shoshone water rights, the power plant places a “call” on the river which results in the curtailment of water rights that are junior to January 7, 1902. When this call is on, junior water rights on the Colorado River and its tributaries above Dotsero must curtail their diversions unless they have a source of “augmentation” water that can be released to meet the call. During the fall and winter months, most of the water rights for snowmaking and domestic uses in Eagle County are junior to the Shoshone call and require augmentation. One of the primary purposes of the Eagle Park Reservoir storage is to augment water

diversions during periods when the Shoshone call is in effect. In addition, some of the water rights for snowmaking and domestic uses in Eagle County are junior to instream flow water rights held by the Colorado Water Conservation Board (CWCB) for protection of the Eagle River fishery. Water released from Eagle Park Reservoir also serves to replace downstream out-of-priority water diversions from the Eagle River and enhances instream flows during critical low-flow periods.

The water rights for Eagle Park Reservoir were decreed by the District Court for Water Division No. 5, State of Colorado, in Case Nos. 92CW340, 93CW301, and 95CW348 and include conditional rights for the proposed reservoir enlargement.

PART B

8. If you have not specifically and fully addressed the Evaluation Criteria found in Part 3 of the criteria and guidance document please provide additional detail here. Attach additional sheet(s) if needed.

The proposed Eagle Park Reservoir Enlargement Project is consistent with the following criteria for evaluation of the merits of water activities proposed for funding from the Statewide Account:

Threshold Criteria

- This project meets the eligibility requirements outlined in Part 2 of the Water Supply Reserve Account Criteria and Guidelines, as documented in Parts A and B of this application.
- The water activity is consistent with Section 37-75-102 C.R.S. The water rights for Eagle Park Reservoir were decreed by the District Court for Water Division No. 5, State of Colorado, in Case Nos. 92CW340, 93CW301, and 95CW348 and include conditional rights for the proposed reservoir enlargement. This project will not diminish, impair, or cause injury to any vested water rights or decreed conditional water rights.
- The water activity underwent an evaluation and approval process and was approved by the BRT and the application. Part B, Section 3 above includes a description of the results of the BRT's evaluation and approval of the activity.
- The water activity meets the provisions of Section 37-75-104 (2) (c), C.R.S. The Eagle Park Reservoir Enlargement project was included in the Statewide Water Supply Initiative analysis as an identified project.

Promoting Collaboration and Cooperation

- The project addresses multiple needs, including consumptive and non-consumptive needs for municipal water, snowmaking and instream flows and thus addresses the needs of multiple interests. Additional details are provided above under Part B, Section 3.
- The project promotes cooperation and collaboration among traditional consumptive water interests and non-consumptive interests.
- The primary shareholders of the Eagle Park Reservoir Company are the Eagle River Water & Sanitation District, the Upper Eagle Regional Water Authority, the Colorado River Water Conservation District and Vail Associates, Inc. The Eagle Park Reservoir is an in-basin source of water to augment out of priority diversions.

Facilitating Water Activity Implementation

- The length of time needed to implement the water activity; preference will be given to activities which can be implemented in the least amount of time taking into consideration the complexity of the activity. Construction of Eagle Park Reservoir is planned for late summer of 2007 and is expected to be completed in less than 1 month. See the project schedule above under Part B, Section 5.
- The Eagle Park Reservoir Company has the expertise and ability to implement the proposed activity.
- The applicant is providing matching funds to cover approximately 32%, or \$118,707, of the total project cost.

Meeting Water Management Goals and Objectives and Identified Water Needs

- The Eagle Park Reservoir Company has completed an analysis of the purpose and need for the project, including consumptive and/or non-consumptive needs that was not fully funded from other sources.
- The project meets one or more of the water management objectives identified in the Statewide Water Supply Initiative. The Project sustainably meets municipal and industrial demands, optimizes existing and future water supplies, enhances recreational opportunities (skiing, fishing), provides for environmental enhancements (instream flows), provides for operational flexibility, and complies with all applicable laws regulations, and water rights. The project, which was included in the SWSI assessment, helps implement projects and processes identified as helping meet Colorado's future water needs.
- The water activity promotes water conservation and efficiency. The Eagle River Water & Sanitation District, the Upper Eagle Regional Water Authority and the Vail and Beaver Creek Ski areas, all shareholders in the EPRC, have existing water conservation plans.
- The project will make new water available for use by increasing the firm annual yield of Eagle Park Reservoir by 78 acre-feet and increasing the reservoir capacity by 153.3 acre-feet.
- The project involves enlargement of an existing facility, the Eagle Park Reservoir.

The Water Activity Addresses Issues of Statewide Value

- The project helps sustain environmental and recreational needs through the enhancement of streamflows in over 20 miles of the Eagle River and by making additional water available for snowmaking.
- The project assists in the administration of compact-entitled waters by providing additional storage capacity in the headwaters of the Colorado River Basin and by promoting maximum utilization of state waters.

- The project assists in the recovery of threatened and endangered wildlife species or Colorado state species of concern. The Eagle Park Reservoir Company has entered into a Recovery Agreement with the U.S. Fish and Wildlife Service that addresses its water depletion impacts on the Colorado River endangered fishes.
- The project provides a high level of benefit to Colorado in relationship to the amount of funds requested. The project cost per acre-foot of additional storage is \$2,394. The cost per acre-foot of firm yield is \$4,727.
- The project is complimentary to the implementation of CWCB programs to maintain instream flows and develop water under the State's Colorado River compact entitlement.
- The project helps support the State's economic vitality and competitiveness in national and international markets. Eagle County is one of the fastest growing counties in the United States with the population projected to grow by 79% by 2030. Tourism, including skiing and other summer and winter visitor activities and related services, is the economic mainstay in the county.

ATTACHMENT B

**Eagle Park Reservoir Company
Articles of Incorporation and Bylaws**

**Eagle Park Reservoir Enlargement
Water Supply Reserve Account Grant Application**

January 10, 2007

**ARTICLES OF INCORPORATION
OF
THE EAGLE PARK RESERVOIR COMPANY**

FILED
VICTORIA BUCKLEY
COLORADO SECRETARY OF STATE

The undersigned adult natural persons, acting as incorporators, hereby establish a nonprofit corporation under the Colorado Non-Profit Corporation Act and Article 42 of Chapter 7, Colo. Rev. Stat., as amended, pertaining to ditch and reservoir companies, and adopt the following Articles of Incorporation:

ARTICLE I - NAME

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05-08-1998 12:13:40

The name of the Corporation is the Eagle Park Reservoir Company.

ARTICLE II - DURATION

The Corporation shall have perpetual existence.

ARTICLE III - PURPOSE

3.1 Purpose. The nature, objects and purposes of the business to be transacted shall be as follows:

(a) To receive and hold title to the following described property:

(1) Eagle Park Reservoir located in Section 28, T. 7 S., R. 79 W., 6th P.M., Eagle County, together with all associated real property and water rights, including without limitation the water rights which are the subject of Water Division No. 5 Case Nos. 92CW340, 93CW301, 95CW348 and 97CW288;

(2) A non-exclusive easement on, over and across the ditches, interceptors, pipelines and canals for purposes of the diversion of water to and the transportation of water from Eagle Park Reservoir, and for maintenance, operation and repair of such facilities;

(3) The personalty, which includes the outlet works, gate shaft, valve chamber, service spillway, service outlet pipeline and all other personal property appurtenant to Eagle Park Reservoir, and all other personal property acquired by the Corporation; and

(4) Such other property, including ditches, pipelines, canals, interceptors, pump station, and diversion structures, together with any rights-of-way, easements and personalty acquired therewith or appurtenant thereto, as may be appropriated or otherwise acquired by the Corporation.

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(5) The right to the annual release of water from Homestake Reservoir, decreed by the Eagle County District Court in Civil Action No. 1193, as said decree was supplemented and amended, and such other sources obtained pursuant to agreement with the Cities of Aurora and Colorado Springs (hereinafter collectively referred to as the "Homestake Reservoir water").

(b) To operate, maintain, repair, improve, extend, and replace Eagle Park Reservoir and all other property acquired by the Corporation;

(c) To appropriate and adjudicate such additional water rights as may be required to fully utilize Eagle Park Reservoir;

(d) To take all action necessary to defend the Corporation's property, including without limitation Eagle Park Reservoir and the associated real property, water rights and contract rights of the Corporation;

(e) Pursuant to the terms hereof or any other terms or conditions imposed by the Corporation on the use of water from Eagle Park Reservoir, to store on behalf of, and deliver to or for the benefit of its shareholders water from Eagle Park Reservoir, in amounts proportionate to the amount of stock held by such shareholders, for municipal, domestic, snowmaking, industrial, irrigation and all other beneficial uses;

(f) To implement and administer any agreements relating to the use of the Homestake Reservoir water; and

(g) To enter into contracts and engage in all other lawful business or activity for which corporations may be incorporated.

3.2 Powers. (a) In furtherance of the foregoing purposes and objectives, and subject to the restrictions set forth in subparagraph (b) below, the Corporation shall have and may exercise all of the powers now or hereafter conferred upon nonprofit corporations organized under the laws of Colorado, and may do everything necessary or convenient for the accomplishment of any of the corporate purposes, subject to the limitations as may be prescribed by law.

(b) Nothing contained herein shall prohibit the distribution to shareholders of income of the Corporation in excess of amounts needed to pay current expenses and losses, or to create a reasonable reserve for the payment of future expenses or losses.

ARTICLE IV - CAPITAL

4.1 Authorized Capital. The aggregate number of shares that the Corporation shall have the authority to issue is 20,130 shares of "Class A common stock," each having a par value of \$1.00, and 500 shares of "Class B common stock," each having a par value of \$1.00.

4.2 Rights, Preferences and Obligations. The designations, preferences, rights and obligations of the shares of stock which the Corporation is authorized to issue, and the limitations thereof, are as follows:

(a) Ownership of each share of Class A common stock shall entitle the holder thereof to one-tenth of one acre-foot of the annual yield of Eagle Park Reservoir, as such yield may be subsequently defined by the Corporation. The Class A common stock shall be divided into two series: "Series 1" and "Series 2." Of the 20,130 shares of common stock designated as "Class A" common stock, 11,000 shares shall be designated as "Class A Series 1" shares and 9,130 shares shall be designated as "Class A Series 2" shares.

(i) Class A Series 1 shares shall entitle the holder thereof to use the water represented by such shares on a first priority basis for all decreed beneficial uses.

(ii) Class A Series 2 shares will entitle the holder thereof to use the water represented by such shares on a second priority basis for all decreed beneficial uses.

(iii) If in any year the yield of Eagle Park Reservoir is less than one acre foot of water for each ten outstanding shares of Class A common stock in the Corporation, the water physically available shall be allocated first among the outstanding Class A Series 1 common stock on a pro rata basis, based on the number of shares of the Corporation's Class A Series 1 common stock owned by each shareholder. Thereafter, any remaining yield in Eagle Park Reservoir, after the full entitlement of all outstanding Class A Series 1 common stock has been met, shall be allocated among the outstanding Class A Series 2 common stock on a pro rata basis, based on the number of shares of the Corporation's Class A, Series 2 common stock owned by each shareholder.

(b) Ownership of each share of Class B common stock shall entitle the holder thereof to one acre foot of Homestake Reservoir water. If in any year the yield of Homestake Reservoir water is less than one acre foot for each outstanding share of Class B common stock in the Corporation, the water physically available shall be allocated among the outstanding Class B common stock on a pro rata basis, based on the number of shares of the Corporation's Class B common stock owned by each shareholder.

(c) All shares of the Corporation's common stock shall be subject to and shall obligate the holders thereof to comply with all accounting and reporting requirements, and any other obligations imposed by the Corporation pursuant to its authority under these Articles of Incorporation and its Bylaws, regarding the use of Eagle Park Reservoir and the Homestake Reservoir water. Failure of a stockholder to comply with the provision of such requirements or obligations may result in suspension of service to such stockholder, or forfeiture of such stockholder's shares of the Corporation's common stock pursuant to Section 8.2 below.

ARTICLE V - SHAREHOLDERS

5.1 Voting of Shares. Each holder of record of Class A Series 1 and Class A Series 2 common stock shall have one vote for each share of such stock standing in its name on the books of the Corporation. Each holder of record of Class B common stock shall have one vote for each share of such stock standing in its name on the books of the Corporation and entitled to vote. Notwithstanding the foregoing, the holder of Class A common stock shall not be entitled to vote on assessments for the Homestake Reservoir water, and the holder of Class B common stock shall not be entitled to vote on assessments for any ordinary repair, maintenance, operation or capital improvements of Eagle Park Reservoir, as such assessments for Eagle Park Reservoir and Homestake Reservoir water are more particularly set forth in Section 8.1. In the election of directors, each shareholder shall have the right to vote that shareholder's number of shares for as many persons as there are directors to be elected. Cumulative voting of shares of stock is not authorized for any purposes.

5.2 Quorum. At all meetings of shareholders, except as provided in Section 5.4 below, 50% of the total votes entitled to vote at such meeting, represented in person or by proxy, shall constitute a quorum; and at any such meeting at which a quorum is present the affirmative vote of 51% of the votes represented at such meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater proportion or number is required by these Articles of Incorporation or the laws of Colorado.

5.3 Preemptive Rights. Except as may be granted by the Letter of Intent dated April 30, 1996, and the Homestake Reservoir Agreement dated April 21, 1998, both among the Corporation's initial shareholders, no shareholder of the Corporation shall have any preemptive or similar right to acquire or subscribe for any additional unissued or treasury shares of stock, or other securities of any class, or rights, warrants or options to purchase stock or scrip.

5.4 Additional Voting Requirements. (a) At any meeting of shareholders called for the purposes of (i) approving capital improvements (as defined in Section 8.1(b) below) to the assets of the Corporation, (ii) authorizing borrowings of the Corporation in excess of an annual aggregate of \$20,000, or (iii) amending these Articles of Incorporation, except as provided in Section 5.4(b) below, 67% of the total votes entitled to vote at such meeting shall constitute a quorum, and at any such meeting at which a quorum is present the affirmative vote of 67% of the total votes of the Corporation entitled to vote on the subject matter shall be the act of the shareholders.

(b) At any meeting called for purposes of amending the terms of Sections 4.1, 4.2 or 4.3 of these Articles of Incorporation or for approval to sell, transfer or convey all or any portion of Eagle Park Reservoir or the Corporation's associated water rights (other than a sale of shares of the Corporation entitling the holder thereof to use such assets), the affirmative vote of 90% of the total votes of the Corporation entitled to vote on the subject matter shall be the act of the shareholders.

ARTICLE VI - DIRECTORS

6.1 Board of Directors. The initial board of directors of the Corporation shall consist of seven persons, and the names and addresses of such persons, who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and shall qualify, are as follows:

Dennis Gelvin
846 Forest Road
Vail, CO 81657

Frederick Sackbauer
P.O. Box 3267
Vail, CO 81658

Eric Kuhn
Colorado River Water
Conservation District
P.O. Box 1120
Glenwood Springs, CO 81602

Paul Testwuide
Vail Associates, Inc.
P.O. Box 7
Vail, CO 81658

Richard D. MacCutcheon
P.O. Box 959
Avon, Colorado 81620

Tamra Underwood
Vail Associates, Inc.
137 Benchmark Road
Avon, CO 81620

Joe Macy
Vail Associates, Inc.
P.O. Box 7
Vail, CO 81658

The number of directors shall be fixed by and may be altered from time to time as provided in the bylaws of the Corporation.

6.2 Designated Directors' Seats. (a) For so long as the Colorado River Water Conservation District, Eagle River Water and Sanitation District, Upper Eagle Regional Water Authority, or Vail Associates, Inc. is a shareholder of the Corporation holding not less than 1000 shares of the Class A common stock of the Corporation, such party shall be entitled to nominate, and shall have the exclusive right to elect, one director to the board of directors.

(b) If any of the parties named in subparagraph (a) above transfers 1000 or more shares of the Corporation's Class A common stock to any third party not named in subparagraph (a) above, such party may, upon notice to the Corporation, transfer with such common stock the right of the transferor to nominate and elect a director.

ARTICLE VII - LIABILITY; INDEMNIFICATION

7.1 Director Liability. No director shall be personally liable to the Corporation or to its shareholders for monetary damages for any breach of fiduciary duty as a director, except that the foregoing shall not eliminate or limit such director's liability to the Corporation or to its

shareholders for monetary damages for the following: (a) any breach of such director's duty of loyalty to the Corporation or to its shareholders, (b) any of such director's acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) acts specified in C.R.S. Section 7-24-111, as it now exists or hereafter may be amended (regarding a director's assent to or participation in the making of any loan by the Corporation to any director or officer of the Corporation), or (d) any transaction from which such director derived an improper personal benefit. If the Colorado Nonprofit Corporation Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be further eliminated or limited to the fullest extent permitted by the Colorado Nonprofit Corporation Act. Any repeal or modification of this Article VII shall be protection of a director of the Corporation existing at the time of such repeal or modification.

7.2 Indemnification. The current and former officers, directors, employees and agents of the Corporation, and the legal representatives of any such persons, may be indemnified by the Corporation, at its discretion, to the fullest extent permitted by Colorado law.

ARTICLE VIII - ASSESSMENTS

8.1 Power to Assess: Approval. (a) The Corporation shall have the power to make assessments from time to time on its Class A common stock for ordinary repair, maintenance and operation of the assets of the Corporation, or for the purchase of any outstanding shares of the Corporation's Class A common stock. Any such assessments shall be levied pro rata on the outstanding shares of Class A common stock upon the approval, at an annual or special meeting called for such purpose, if a quorum is present, of a majority of the votes of the outstanding shares of Class A common stock represented at such meeting either in person or by proxy. Any such assessments shall be used only for the purpose of paying the expenses of the Corporation, including but not limited to administrative, engineering and legal fees and expenses, the costs of keeping Eagle Park Reservoir and other property of the Corporation associated with Eagle Park Reservoir in good repair and in compliance with all applicable local, state and federal laws, rules and regulations, including but not limited to those relating to dam safety, and for payment of any indebtedness theretofore contracted by the Corporation and any interest accrued thereon. For the purpose of this paragraph, "ordinary repair, maintenance and operation" shall consist of the cost of insurance and the repair and maintenance of the existing dam, spillway, outlet works and other appurtenant facilities of Eagle Park Reservoir.

(b) The Corporation shall have the power to make assessments for capital improvements from time to time on its Class A common stock. Any such assessments shall be levied pro rata on the outstanding shares of the Class A common stock upon the approval, at an annual or special meeting called for such purpose, if a quorum is present, of 67% of the votes represented at such meeting. For the purpose of this paragraph, "capital improvements" shall consist of placement of a new or enlarged dam, spillway, outlet works, pipeline or the relocation, the enlargement and expansion of Eagle Park Reservoir.

(c) The Corporation shall have the power to make assessments from time to time on its Class B common stock to implement and administer any agreements relating to the Homestake Reservoir water. Any such assessments shall be levied pro rata on the outstanding shares of Class B common stock upon the approval, at an annual or special meeting called for such purpose, if a quorum is present, of a majority of the votes of the outstanding shares of Class B common stock represented at such meeting either in person or by proxy. Any such assessments shall be used only for the purpose of paying the expenses of the Corporation, including but not limited to administrative, engineering and legal fees and expenses incurred to implement and administer any agreements relating to the Homestake Reservoir water, and the furnishing of replacement water to the Cities of Aurora and Colorado Springs pursuant thereto.

8.2 Forfeiture of Stock. (a) The Corporation shall have the power to declare a forfeiture or sale of some or all of the shares of the Class A common stock of a shareholder in the event of the failure of any such shareholder to pay any assessment or to comply with any obligations imposed by the Corporation on the use of water from Eagle Park Reservoir within 60 days after receipt of written notice, sent certified mail, return receipt requested, requesting payment of such assessment or compliance. In addition thereto, or in lieu thereof, the Corporation may terminate the delivery of water to the shareholder of Class A common stock until such assessment is paid or failure to comply is cured, and in addition thereto, or in lieu thereof, it may commence a civil action against such delinquent shareholder to require specific performance of any use obligations or to recover the cost of any such compliance by the Corporation on behalf of such shareholder or the amount of any assessment which may remain unpaid, together with interest at the annual rate of 18% from due date until paid, court costs and reasonable attorneys' fees.

(b) The Corporation shall have the power to declare a forfeiture or sale of some or all of the shares of the Class B common stock of a shareholder in the event of the failure of any such shareholder to pay any assessment for Homestake Reservoir water within 60 days after receipt of written notice, sent certified mail, return receipt requested, requesting payment of such assessment. In addition thereto, or in lieu thereof, the Corporation may commence a civil action against such delinquent shareholder to recover the cost of any such compliance by the Corporation on behalf of such shareholder or the amount of any assessment which may remain unpaid, together with interest at the annual rate of 18% from due date until paid, court costs and reasonable attorneys' fees.

(c) The Corporation shall not have the power to declare a forfeiture or sale, or terminate the delivery of water to any holder of Class A common stock for the failure of any such shareholder to pay any assessment for Homestake Reservoir water. Similarly, the Corporation shall not have the power to declare a forfeiture or sale of Class B common stock for the failure of any such shareholder to pay any assessment for Eagle Park Reservoir.

(d) The Corporation shall have the authority to dispose of any of the Corporation's stock forfeited by a shareholder at such price and on such other terms and conditions as the board of directors shall deem advisable.

ARTICLE IX - BYLAWS

The initial By-Laws of the Corporation shall be adopted by the Board of Directors. The Board of Directors shall have power to alter, amend or repeal the By-Laws from time to time and to adopt new By-Laws. The By-Laws of the Corporation may contain any provisions of the regulation or management of the affairs of the Corporation that are not inconsistent with these Articles of Incorporation, as these articles may from time to time be amended.

ARTICLE X - INSURANCE

The Corporation shall at all times maintain comprehensive general liability insurance, in such amounts deemed sufficient in the judgment of the Board of Directors of the Corporation to protect the Corporation and its officers, directors, employees, agents and shareholders from liability relating to the ownership and operation of Eagle Park Reservoir and associated real property, water rights, appurtenances and easements, and the diversion and storage of water in connection therewith. The Corporation shall make every effort to obtain said insurance from a company rated at least A+XII in Best's Insurance Guide. To the extent insurance is available, it shall cover the Corporation and its officers, directors, employees, agents and shareholders all as additional named insureds. A certificate (and a copy of the policy) evidencing such insurance shall be provided to each shareholder.

ARTICLE XI - ASSETS

11.1 Ownership of Assets. Eagle Park Reservoir and all real property, water rights and appurtenances thereto, and all other property and assets of the Corporation, including without limitation the dams, spillways and outlet works, shall constitute assets of the Corporation and not of the shareholders, and the shareholders shall have no right to partition such assets.

11.2 Objections to Use. No shareholder shall object to another shareholder's use of water from Eagle Park Reservoir or other water to which such other shareholder is entitled by virtue of its ownership of common stock in the Corporation by direct use, augmentation, exchange, replacement or substitution, and each share of common stock issued hereunder shall contain a legend to that effect; provided, however, that this provision shall not preempt a shareholder from filing a statement of opposition in Water Court to any other aspect of a Water Court application, and shall not limit any shareholder in the exercise of its governmental functions.

ARTICLE XII - REGISTERED AGENT

The address of the initial registered office of the Corporation will be P.O. Box 7, Vail, Colorado 81658, and the name of its initial registered agent at such address is Tamara Underwood. The physical address of the registered office will be 137 Benchmark Road, Avon, Colorado 81620.

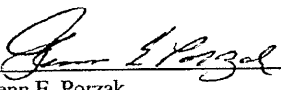
ARTICLES XIII - INCORPORATORS

The names and address of the incorporators are:

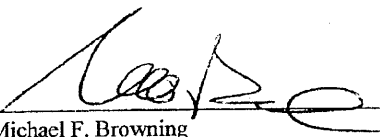
Glenn E. Porzak
Michael F. Browning
Steven J. Bushong
Porzak Browning & Johnson LLP
929 Pearl Street, Suite 300
Boulder, Colorado 80302

Dated this 1st day of May, 1998.

INCORPORATORS:



Glenn E. Porzak



Michael F. Browning



Steven J. Bushong

**ARTICLES OF AMENDMENT
to the
ARTICLES OF INCORPORATION
of
THE EAGLE PARK RESERVOIR COMPANY**

Pursuant to the provisions of the Colorado Corporations and Associations Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is THE EAGLE PARK RESERVOIR COMPANY.

SECOND: Article IV of the Articles of Incorporation is hereby deleted and replaced in its entirety with the following new Article IV:

4.1 Authorized Capital. The aggregate number of shares that the Corporation shall have the authority to issue is 20,130 shares of "Class A common stock," each having a par value of \$1.00, and 1,000 shares of "Class B common stock," each having a par value of \$1.00.

4.2 Rights, Preferences and Obligations. The designations, preferences, rights and obligations of the shares of stock which the Corporation is authorized to issue, and the limitations thereof, are as follows:

(a) Ownership of each share of Class A common stock shall entitle the holder thereof to one-tenth of one acre-foot of the annual yield of Eagle Park Reservoir, as such yield may be subsequently defined by the Corporation. The Class A common stock shall be divided into two series: "Series 1" and "Series 2." Of the 20,130 shares of common stock designated as "Class A" common stock, 11,000 shares shall be designated as "Class A Series 1" shares and 9,130 shares shall be designated as "Class A Series 2" shares.

(i) Class A Series 1 shares shall entitle the holder thereof to use the water represented by such shares on a first priority basis for all decreed beneficial uses.

(ii) Class A Series 2 shares will entitle the holder thereof to use the water represented by such shares on a second priority basis for all decreed beneficial uses.

(iii) If in any year the yield of Eagle Park Reservoir is less than one acre foot of water for each ten outstanding shares of Class A common stock in the Corporation, the water physically available shall be allocated first among the outstanding Class A Series 1 common stock on a pro rata basis, based on the number of shares of the Corporation's Class A Series 1 common stock owned by each

shareholder. Thereafter, any remaining yield in Eagle Park Reservoir, after the full entitlement of all outstanding Class A Series 1 common stock has been met, shall be allocated among the outstanding Class A Series 2 common stock on a pro rata basis, based on the number of shares of the Corporation's Class A, Series 2 common stock owned by each shareholder.

(b) Ownership of each share of Class B common stock shall entitle the holder thereof to the right to the annual release of Homestake Reservoir water, subject to the limitations and terms set forth below. The Class B common stock shall be divided into two series: "Series 1" and "Series 2." Of the 1,000 shares of common stock designated as Class B common stock, 500 shares shall be designated as "Class B Series 1" and 500 shares shall be designated as "Class B Series 2."

(i) Each share of Class B Series 1 stock shall entitle the holder thereof to one acre-foot of water pursuant to the terms of: (1) the Water Exchange Agreement dated June 17, 1998, among the City of Aurora acting by and through its Utility Enterprise, the City of Colorado Springs, and the Corporation; and (2) the 1998 Homestake Reservoir Agreement dated April 21, 1998, among the Colorado River Water Conservation District, the Eagle River Water and Sanitation District, the Upper Eagle Regional Water Authority, and Vail Associates, Inc., as each of these agreements may be amended from time to time. If in any year the yield of Homestake Reservoir water is less than one acre foot for each outstanding share of Class B Series 1 common stock in the Corporation, the water physically available shall be allocated among the outstanding Class B Series 1 common stock on a pro rata basis, based on the number of shares of the Corporation's Class B Series 1 common stock owned by each shareholder.

(ii) Class B Series 2 shares. Class B Series 2 shares shall entitle the holder thereof to one acre-foot of Homestake Reservoir water pursuant to the terms of: (1) the 2004 Water Exchange Agreement dated June 21, 2004, among the City of Aurora, the Corporation, the Colorado River Water Conservation District, the Eagle River Water and Sanitation District, the Upper Eagle Regional Water Authority, and Vail Associates, Inc.; and (2) the 2004 Homestake Reservoir Agreement dated July 22, 2004, among the Corporation, the Colorado River Water Conservation District, the Eagle River Water and Sanitation District, the Upper Eagle Regional Water Authority, and Vail Associates, Inc., including without limitation the replacement water requirements of said agreements as each of these agreements may be amended from time to time.

(c) All shares of the Corporation's common stock shall be subject to and shall obligate the holders thereof to comply with all accounting and reporting requirements, and any other obligations imposed by the Corporation pursuant to its authority under these Articles of Incorporation and its Bylaws, regarding the use of Eagle Park Reservoir and the Homestake Reservoir water. Failure of a stockholder

to comply with the provision of such requirements or obligations may result in suspension of service to such stockholder, or forfeiture of such stockholder's shares of the Corporation's common stock pursuant to Section 8.2 below.

THIRD: Article V, Section 5.1 of the Articles of Incorporation is hereby deleted and replaced in its entirety with the following new Article V, Section 5.1:

5.1 Voting of Shares. Each holder of record of Class A Series 1 and Class A Series 2 common stock shall have one vote for each share of such stock standing in its name on the books of the Corporation. Each holder of record of Class B Series 1 and Class B Series 2 common stock shall have one vote for each share of such stock standing in its name on the books of the Corporation. Notwithstanding the foregoing, the votes comprising the Class A common stock may not be cast on any issues that pertain to the Homestake Reservoir water, including assessments as defined in Section 8.1, and the votes comprising the Class B common stock may not be cast on any issues that pertain to the Eagle Park Reservoir, including assessments for any ordinary repair, maintenance, operation or capital improvements of Eagle Park Reservoir, as such assessments for Eagle Park Reservoir water are more particularly set forth in Section 8.1. In the election of directors pursuant to Section 3.2 of the Bylaws, each shareholder shall have the right to vote that shareholder's total number of Class A and Class B shares for as many persons as there are directors to be elected. Each shareholder shall have the right to vote that shareholder's total number of Class A and Class B shares on the Corporation's general matters put to a vote. Cumulative voting of shares of stock is not authorized for any purposes.

FOURTH, Article V, Section 5.4(b) of the Articles of Incorporation is hereby amended as follows: the reference to Section 4.3 is deleted such that the beginning of the sentence reads: "At any meeting called for purposes of amending the terms of Sections 4.1 or 4.2 of the Articles of Incorporation . . ."

FIFTH: The foregoing amendments were adopted by the shareholders on this 3rd day of September, 2004, in the manner prescribed by the Colorado Corporations and Associations Act. The number of votes cast for the amendment by each voting group entitled to vote separately on the amendment was sufficient for approval by that voting group.

To implement the amendments set out above, the Eagle Park Reservoir Company intends to cancel the previously issued Class B stock. It will issue Class B Series 1 stock to the same shareholders that previously held the Class B shares and in the same number of shares previously held. The Class B Series 2 shares will be issued pursuant to the terms of the 2004 Homestake Reservoir Agreement dated July 22, 2004, among the Corporation, the Colorado River Water Conservation District, the Eagle River Water and Sanitation District, the Upper Eagle Regional Water Authority, and Vail Associates, Inc.

Dated this 3rd day of September, 2004.

EAGLE PARK RESERVOIR COMPANY,
a Colorado non-profit corporation

By Frederick P. Sackbauer IV
Frederick P. Sackbauer IV, President

ATTEST:

Jan Trueblood
Jan Trueblood, Secretary

**AMENDED AND RESTATED BYLAWS
OF
THE EAGLE PARK RESERVOIR COMPANY**

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AMENDED AND RESTATED BYLAWS
OF
THE EAGLE PARK RESERVOIR COMPANY

ARTICLE I

OFFICES

Section 1.1 Business Offices. The principal office of the corporation shall be located in Avon, Colorado. The corporation may have such other offices, either within or outside Colorado, as the board of directors may designate or as the affairs of the corporation may require from time to time.

Section 1.2 Registered Office. The registered office of the corporation required by the Colorado Nonprofit Corporation Act to be maintained in Colorado may be, but need not be, the same as the principal office if in Colorado, and the address of the registered office may be changed from time to time by the board of directors or by the officers of the corporation.

ARTICLE II

SHAREHOLDERS

Section 2.1 Assessments. The board of directors may establish such assessments as are approved by the shareholders in accordance with the articles of incorporation and may establish such rules and procedures for the manner and method of payment, the collection of delinquent dues and assessments, and the proration or refund of dues and assessments in appropriate cases as the board of directors shall deem necessary or appropriate.

Section 2.2 Suspension of Service and Forfeiture of Stock. (a) If a shareholder fails to pay any assessment under Sections 8.1(a) and (b) of the articles of incorporation within 60 days after written request for payment is made to such shareholder, or fails to comply with any obligations or requirements imposed by the corporation pursuant to its authority under its articles of incorporation and bylaws on the use of water from Eagle Park Reservoir, water available to such shareholder of Class A common stock may be suspended until all such assessments are fully paid or such requirements or obligations are complied with, at which time such water supply shall be recommenced. The corporation may also declare a forfeiture of such delinquent shareholder's stock as provided in the articles of incorporation upon a failure to pay any such assessment or comply with any such obligations. The board of directors shall have the power and authority to dispose of any of the corporation's stock returned to the corporation because of

nonpayment of assessments or failure to comply with any such obligations, at such price and on such other terms and conditions as they deem advisable.

(b) If a shareholder fails to pay any assessment under Section 8.1(c) of the articles of incorporation within 60 days after written request for payment is made to such shareholder, the corporation may declare a forfeiture of such delinquent shareholder's stock as provided in the articles of incorporation upon a failure to pay any such assessment. The board of directors shall have the power and authority to dispose of any of the corporation's stock returned to the corporation because of nonpayment of assessments at such price and on such other terms and conditions as they deem advisable.

Section 2.3 Transfer of Stock. Stock in the corporation may be transferred upon the following: (a) notice to the corporation's secretary containing the name and address of the transferor and transferee, together with the certificate representing the shares to be transferred and a duly executed stock power; (b) the payment of \$25.00; and (c) execution by the transferee of such covenants as are applicable to the transferred shares, including without limitation all obligations to comply with any requirements imposed by the corporation on the use of water from the Eagle Park Reservoir.

Section 2.4 Annual Meeting of Shareholders. An annual meeting of the shareholders shall be held in conjunction with the first quarterly meeting of each year beginning with the year 2002, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in Colorado, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for the annual meeting of the shareholders, or at any adjournment thereof, the board of directors shall cause the election to be held at a meeting of the shareholders as soon thereafter as conveniently may be. Failure to hold an annual meeting as required by these bylaws shall not work a forfeiture or dissolution of the corporation or invalidate any action taken by the board of directors or officers of the corporation.

Section 2.5 Special Meetings. Special meetings of the shareholders or of any class of shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or the board of directors, and shall be called by the president at the request of shareholders having at least 15% of the votes entitled to be cast at such meetings.

Section 2.6 Place of Meeting. Each meeting of the shareholders or of any class of shareholder shall be held at such place, either within or outside Colorado, as may be designated in the notice of meeting, or, if no place is designated in the notice, at the registered office of the corporation in Colorado.

Section 2.7 Notice of Meeting. Except as otherwise prescribed by statute, written notice of each meeting of the shareholders or of any class of shareholder, stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which

the meeting is called, shall be delivered not less than 10 nor more than 50 days before the date of the meeting, either personally or by first class, certified or registered mail, by or at the direction of the president, or the secretary, or the other officer or person calling the meeting, to each shareholder entitled to attend such meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail, addressed to each shareholder at such shareholder's address as it appears in the records of the corporation, with postage thereon prepaid. Any shareholder may waive notice of any meeting before, at or after such meeting. The attendance in person or by proxy of a shareholder at a meeting shall constitute a waiver of notice of such meeting, except where a shareholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 2.8 Proxies. At each meeting of the shareholders or of any class of shareholders, a shareholder entitled to vote at such meeting may vote by proxy executed in writing by the shareholder or by such shareholder's duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.9 Quorum. Except as otherwise required by the laws of Colorado or the articles of incorporation, 50% of the shareholders entitled to vote shall constitute a quorum at each meeting of the shareholders, and the affirmative vote of the shareholders represented at a meeting at which a quorum is present and entitled to vote on the subject matter shall be the act of the shareholders; provided, however, that an affirmative vote of 90% of the votes of the corporation entitled to vote thereon shall be required to amend Sections 4.1 or 4.2 of the articles of incorporation, and an affirmative vote of two-thirds of the votes of the corporation entitled to vote thereon shall be required to adopt a plan of merger, consolidation or liquidation. If less than a quorum of the shareholders are represented at a meeting, a majority of the shareholders so represented may adjourn the meeting from time to time for a period not to exceed 60 days at any one adjournment without further notice other than an announcement at the meeting. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.10 Voting. (a) Each voting shareholder is entitled to the vote as set forth in the articles of incorporation on each matter submitted to a vote of the shareholders entitled to vote thereon at a meeting thereof. Cumulative voting shall not be allowed.

(b) The right to vote of any shareholder which is a corporation or unincorporated association may be exercised by such officer, agent or proxy as the bylaws, constitution or other governing instrument of such corporation or association may prescribe or, in the absence of such provision, as the board of directors of such corporation or association may determine.

Section 2.11 Patronage Distributions. The corporation's annual income in excess of amounts needed to pay its current expenses and losses shall be paid on an annual basis to each shareholder on the basis of such shareholder's water usage, except to the extent such income is retained by the corporation as determined by the board of directors of the corporation to create a reasonable reserve for the payment of future expenses and losses of the corporation.

ARTICLE III

BOARD OF DIRECTORS

Section 3.1 General Powers. The business and affairs of the corporation shall be managed by its board of directors, except as otherwise provided in the Colorado Nonprofit corporation Act, the articles of incorporation or these bylaws.

Section 3.2 Number, Election, Tenure and Qualifications. The number of directors of the corporation shall be seven. Directors shall be elected by the shareholders at each annual meeting of the shareholders. Each director shall hold office until the next annual meeting of the shareholders and thereafter until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal. Directors must be a shareholder (or representative of a shareholder) of the corporation, and at least 18 years old, but need not be residents of Colorado. The Colorado River Water Conservation District, Eagle River Water & Sanitation District, Upper Eagle Regional Water Authority or Vail Associates, Inc., for so long as such party is a shareholder of not less than 1000 shares of the Class A common stock of the corporation, shall each be entitled to nominate and elect one director to the board of directors. Directors shall be removable in the manner provided by the statutes of Colorado. In the event that any of the foregoing named shareholders transfers 1000 or more of its shares of the Class A common stock of the corporation to any third party not named herein, the transferor may, upon written notice to the corporation, transfer to the transferee its rights under the foregoing provision to elect directors to the corporation.

Section 3.3 Vacancies. Any director may resign at any time by giving written notice to the chairman of the board, to the president or to the secretary of the corporation. A director's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum. A director elected to fill a vacancy shall be elected for the unexpired term of such director's predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office or by an election at a meeting of the shareholders called for that purpose, and a director so chosen shall hold office until the next election of directors and thereafter until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal.

Section 3.4 Regular Meetings. A regular meeting of the board of directors shall be held immediately after and at the same place as the annual meeting of the shareholders, or as soon as practicable thereafter at the time and place, either within or outside Colorado, determined by the board, to elect officers and transact such other business as may come before the meeting.

Section 3.5 Special Meetings. Special meetings of the board of directors may be called by or at the request of the chairman of the board, the president or any two directors.

Section 3.6 Notice. Notice of each meeting of the board of directors stating the place, day and hour of the meeting shall be given to each director at such director's business address at least five days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two days prior thereto by personal delivery of written notice or by telephonic, telegraphic, telex or facsimile notice (and the method of notice need not be the same as to each director). If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid. If telegraphed, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. If transmitted by telex or facsimile, such notice shall be deemed to be given when the transmission is complete. Any director may waive notice of any meeting before, at or after such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the board of directors need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

Section 3.7 Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting, or unless such director shall file a written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 3.8 Quorum and Voting. A majority of the directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, and the vote of a majority of the directors present in person at a meeting at which a quorum is present shall be the act of the board of directors. If less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than an announcement at the meeting, until a quorum shall be present. No director may vote or act by proxy at any meeting of directors.

Section 3.9 Compensation. Directors shall not receive compensation for their services as such, although the reasonable expenses of directors of attendance at board meetings may be

paid or reimbursed by the corporation. Directors shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the corporation in any other capacity.

Section 3.10 Meetings by Telephone. Members of the board of directors or any committee thereof may participate in a meeting of the board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 3.11 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or committee members entitled to vote with respect to the subject matter thereof. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the directors or committee members.

ARTICLE IV

OFFICERS AND AGENTS

Section 4.1 Number and Qualifications. The elected officers of the corporation shall be a chairman of the board, a president, one or more vice presidents, a secretary and a treasurer. The board of directors may also appoint such other officers, assistant officers and agents, including an executive director, a controller, assistant secretaries and assistant treasurers, as it may consider necessary. One person may hold more than one office at a time, except that no person may simultaneously hold the offices of president and secretary. Officers need not be directors of the corporation. All officers must be at least eighteen years old.

Section 4.2 Election and Term of Office. The elected officers of the corporation shall be elected by the board of directors annually at the first meeting of the board held after each annual meeting of the shareholders or promptly thereafter. Each officer shall hold office until such officer's successor shall have been duly elected and shall have qualified, or until such officer's earlier death, resignation or removal.

Section 4.3 Compensation. The compensation of the officers, if any, shall be as fixed from time to time by the board of directors, and no officer shall be prevented from receiving a salary by reason of the fact that such officer is also a director of the corporation.

Section 4.4 Removal. Any officer or agent may be removed by the board of directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 4.5 Vacancies. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officer and the corporation, by giving written notice to the president or to the board of directors. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office, however occurring, may be filled by the board of directors for the unexpired portion of the term.

Section 4.6 Authority and Duties of Officers. The officers of the corporation shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the president, the board of directors or these bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) Chairman of the Board. The chairman of the board shall (i) preside at all meetings of the shareholders and of any class of shareholders and of the board of directors; and (ii) see that all orders and resolutions of the shareholders and of the board of directors are carried into effect.

(b) President. The president shall, subject to the direction and supervision of the board and the board of directors: (i) have general and active control of its affairs and business and general supervision of its officers, agents and employees; (ii) in the absence of the chairman of the board, preside at all meetings of the shareholders, of any class of shareholders and of the board of directors; and (iii) see that all orders and resolutions of the board of directors are carried into effect.

(c) Vice Presidents. The vice president or vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. The vice president shall, at the request of the president, or in the president's absence or inability or refusal to act, perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions on the president.

(d) Secretary. The secretary shall (i) keep the minutes of the proceedings of the shareholders, the board of directors and any committees of the shareholders or the board; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) be custodian of the corporate records and of the seal of the corporation; and (iv) keep at the corporation's registered office or principal place of business within or outside Colorado a record containing the names and addresses of all shareholders. An assistant secretary may be designated by the board who shall perform the duties of the secretary in the absence of the secretary.

(e) Treasurer. The treasurer shall (i) be the principal financial officer of the corporation and have the care and custody of all its funds, securities, evidences of indebtedness and other personal property and deposit the same in accordance with the

instructions of the board of directors; (ii) receive and give notices of assessments and receipts and acquittances for moneys paid in on account of the corporation, and pay out of the funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity; and (iii) be the principal accounting officer of the corporation and as such prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account, prepare and file all local, state and federal tax returns and related documents, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the president and the board of directors statements of account showing the financial position of the corporation and the results of its operations.

ARTICLE V

INDEMNIFICATION

Section 5.1 Right to Indemnification.

(a) Standards of Conduct. Except as provided in Section 5.1(d) below, the corporation shall indemnify any officer, director, employee or agent of the corporation ("party") to a proceeding against liability incurred in or as a result of the proceeding if (i) such party conducted himself or herself in good faith, (ii) such party reasonably believed (A) in the case of a director acting in his or her official capacity, that his or her conduct was in the corporation's best interests, or (B) in all other cases, that such party's conduct was at least not opposed to the corporation's best interests, and (iii) in the case of any criminal proceeding, such party had no reasonable cause to believe his or her conduct was unlawful. For purposes of determining the applicable standard of conduct under this Section 5.1, any party acting in his or her official capacity who is also a director of the corporation shall be held to the standard of conduct set forth in Section 5.1(a)(ii)(A), even if such party is sued solely in a capacity other than as such director.

(b) Settlement. The termination of any proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the party did not meet the applicable standard of conduct set forth in Section 5.1(a).

(c) Indemnification Prohibited. Except as hereinafter set forth in Section 5.1(d), the corporation may not indemnify a party under this Section 5.1 either (i) in connection with a proceeding in which the party is or has been adjudged liable for gross negligence or willful misconduct in the performance of the party's duty to the corporation, or (ii) in connection with any proceeding charging improper personal benefit to the party, whether or not involving action in the party's official capacity, in which the party was adjudged liable on the basis that personal benefit was improperly received by the party (even if the corporation was not thereby damaged). Notwithstanding the foregoing, the corporation shall indemnify any such

party if and to the extent required by the court conducting the proceeding, or any other court of competent jurisdiction to which the party has applied.

(d) Claims by or in the Right of Corporation. Indemnification permitted under this Section 5.1 in connection with a proceeding by or in the right of the corporation shall be limited to expenses incurred in connection with the proceeding.

(e) Combined Proceedings. If any claim made by or in the right of the corporation against a party is joined with any other claim against such party in a single proceeding, the claim by or in the right of the corporation (and all expenses related thereto) shall nevertheless be deemed the subject of a separate and distinct proceeding for purposes of this Article.

Section 5.2 Prior Authorization Required. Any indemnification under Section 5.1 (unless ordered by a court) shall be made by the corporation only if authorized by the board of directors by a majority vote of a quorum of such board, which quorum shall consist of directors not parties to the subject proceeding, or by such other person or body as permitted by law.

Section 5.3 Success or Merits or Otherwise. Notwithstanding any other provision of this Article, the corporation shall indemnify a party to the extent such party has been successful, on the merits or otherwise, including without limitation, dismissal without prejudice or settlement without admission of liability, in defense of any proceeding to which the party was a party against expenses incurred by such party in connection therewith.

Section 5.4 Advancement of Expenses. The corporation shall pay for or reimburse the expenses, or a portion thereof, incurred by a party in advance of the final disposition of the proceeding if: (a) the party furnishes the corporation a written affirmation of such party's good faith belief that he or she has met the standard of conduct described in Section 5.1(a)(i); (b) the party furnishes the corporation a written undertaking, executed personally or on behalf of such party, to repay the advance if it is ultimately determined that the party did not meet such standard of conduct; and (c) authorization of payment and a determination that the facts then known to those making the determination would not preclude indemnification under this Article have been made in the manner provided in Section 5.2. The undertaking required by clause (b) must be an unlimited general obligation of the party, but need not be secured and may be accepted without reference to financial ability to make repayment.

Section 5.5 Notification to Shareholders. Any indemnification of or advance of expenses to a director (but not to any other party) in accordance with this Article, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the shareholders with or before the notice of the next meeting of shareholders.

Section 5.6 Insurance. By action of the board of directors, notwithstanding any interest of the directors in such action, the corporation may purchase and maintain insurance in

such amounts as the board of directors deems appropriate to protect itself and any person who is or was a director, officer, employee, fiduciary or agent of the corporation, whether or not the corporation would have the power to indemnify such person against such liability under applicable provisions of law or this Article.

Section 5.7 Right to Impose Conditions to Indemnification. The corporation shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as may appear appropriate to the board of directors in each specific case and circumstances, including but not limited to any one or more of the following: (a) that any counsel representing the party to be indemnified in connection with the defense or settlement of any proceeding shall be counsel mutually agreeable to the party and to the corporation; (b) that the corporation shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the party to be indemnified; and (c) that the corporation shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the party to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the corporation.

Section 5.8 Indemnification of Agents. The corporation shall have the right, but shall not be obligated, to indemnify any agent of the corporation not otherwise covered by this Article to the fullest extent permissible by the laws of Colorado. Unless otherwise provided in any separate indemnification arrangement, any such indemnification shall be made only as authorized in the specific case in the manner provided in Section 5.3.

Section 5.9 Savings Clause; Limitation. If this Article or any Section or provision hereof shall be invalidated by any court on any ground, then the corporation shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of this Article that shall not have been invalidated.

ARTICLE VI

RESERVOIR OPERATION

Section 6.1 Covenants. Subject to the limitations of Section 8.1(c) of the articles of incorporation, the corporation may, by the withholding of water to which any Class A common stock of the corporation is entitled or any other means available, including forfeiture of any such stock, enforce any covenants of any shareholder.

ARTICLE VII

DISSOLUTION

Upon dissolution of the corporation, all of the corporation's assets remaining after payment of or provision for all of its liabilities and obligations as set forth in C.R.S. § 7-26-103, as it may be amended from time to time, shall be paid over or transferred to the shareholders and former shareholders of the corporation as determined by the board of directors of the corporation in accordance with the requirements of Section 501(c)(12) of the Internal Revenue Code of 1986, as it may be amended from time to time.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Account Books, Minutes, Etc. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders, board of directors and committees. All books and records of the corporation may be inspected by any shareholder or director, or such person's authorized agent or attorney, for any proper purpose at any reasonable time.

Section 8.2 Fiscal Year. The fiscal year of the corporation shall be as established by the board of directors.

Section 8.3 Conveyances and Encumbrances. Upon the approval of 90% of the total votes of the Class A common stock of the corporation, all or any portion of Eagle Park Reservoir or any associated water rights may be sold, exchanged, leased, assigned, conveyed, encumbered or disposed of by such officers of the corporation as may be authorized to do so by the board of directors, and such authorized persons shall have power to execute and deliver any and all instruments of assignment, conveyance and encumbrance, and upon the approval of the board of directors, other assets may be sold, exchanged, leased, conveyed, encumbered or disposed of; provided, however, the sale, exchange, lease or other disposition of all or substantially all of the property and assets of the corporation shall be authorized only in the manner prescribed by the articles of incorporation or applicable statute.

Section 8.4 Conflicts of Interest. If any person who is a director or officer of the corporation is aware that the corporation is about to enter into any business transaction directly or indirectly with such person, any member of such person's family, or any entity in which such person has any legal, equitable or fiduciary interest or position, including without limitation as a director, officer, shareholder, partner, beneficiary or trustee, such person shall: (a) immediately inform those charged with approving the transaction on behalf of the corporation of such person's interest or position; (b) aid the persons charged with making the decision by disclosing

any material facts within such person's knowledge that bear on the advisability of such transaction from the standpoint of the corporation; and (c) not be entitled to vote on the decision to enter into such transaction.

Section 8.5 Loans to Directors and Officers Prohibited. No loans shall be made by the corporation to any of its directors or officers. Any director or officer who assents to or participates in the making of any such loan shall be liable to the corporation for the amount of such loan until it is repaid.

Section 8.6 Amendments. Subject to repeal or change by action of the shareholders, the power to alter, amend or repeal these bylaws and adopt new bylaws shall be vested in the board of directors; provided, however, that no change to these bylaws shall limit or repeal the voting rights of any class of shareholders unless such change is adopted by the affirmative vote of a majority of the shareholders of such class.

Section 8.7 Severability. The invalidity of any provision of these bylaws shall not affect the other provisions hereof, and in such event these bylaws shall be construed in all respects as if such invalid provision were omitted.

(END)

THE EAGLE PARK RESERVOIR COMPANY


BYLAWS CERTIFICATE

The undersigned certify that they are the President and Secretary of The Eagle Park Reservoir Company, a Colorado nonprofit corporation, and that, as such, they are authorized to execute this certificate on behalf of said corporation, and further certify that attached hereto is a complete and correct copy of the presently effective bylaws of said corporation.

Dated: September 3, 2004.


President

[SEAL]


Secretary

COLORADO BASIN ROUNDTABLE
REQUEST FOR WATER SUPPLY RESERVE ACCOUNT
2006-2007 GRANT APPLICATION FORM

BALLOT FOR FUND REQUEST

DECEMBER 18, 2006

PROJECT NAME	SB-179- BASIN FUNDS	SB-179 STATE FUNDS	HB-1400 FUNDS
TOWN OF PALISADE-WHITEWATER PARK \$100,000	5 YES 8 NO	10 YES 6 NO	
GRAND COUNTY/VAIL DITCH \$1,500,000		27 YES	
BULL CREEK RESERVOIRS \$150,000	13 YES 2 NO	16 YES 1 NO	
EAGLE PARK RESERVOIR \$250,000	1 NO	25 YES	
ROARING FORK WATERSHED ASSESSMENT \$40,000	27 YES	7 YES	
GRAND COUNTY STREAMFLOW MANAGEMENT PLAN \$30,000	27 YES	6 YES	
RECOVERY PROGRAM 10,825 STUDY \$200,000		25 YES	2 YES
ENERGY DEVELOPMENT WATER NEEDS ASSESSMENT \$300,000		25 YES	2 YES